



SAI GON – HA NOI COMMERCIAL JOINT STOCK BANK
(Incorporated in the Socialist Republic of Vietnam)

AUDITED SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2024

*(In accordance with Vietnamese Accounting Standards,
accounting regime applicable to credit institutions in Vietnam
and legal regulations relating to financial reporting)*

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SAIGON – HANOI COMMERCIAL JOINT STOCK BANK

77 Tran Hung Dao Street, Tran Hung Dao Ward,

Hoan Kiem District, Hanoi, S.R. Vietnam

STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Saigon – Hanoi Commercial Joint Stock Bank (the “Bank”) presents this report together with the Bank’s separate financial statements for the year ended 31 December 2024.

The members of the Board of Directors, Board of Supervisors, Board of Management and Chief Accountant of the Bank during the year and to the date of this report are as follows:

Board of Directors

Mr. Do Quang Hien	Chairman
Mr. Do Duc Hai	Vice Chairman (resigned from the position of a Board Member on 25 April 2024 to focus on duties at the Executive Board in accordance with the Law on Credit Institutions 2024)
Mr. Do Quang Vinh	Vice Chairman
Mr. Thai Quoc Minh	Member
Ms. Ngo Thu Ha	Member
Mr. Pham Viet Dan	Member
Mr. Do Van Sinh	Independent Member
Mr. Haroon Anwar Sheikh	Independent Member (resigned on 25 April 2024)

Board of Supervisors

Mr Pham Hoa Binh	Head of Board of Supervisors
Ms. Le Thanh Cam	Member
Mr. Vu Xuan Thuy Son	Member

Board of Management and Chief Accountant

Ms. Ngo Thu Ha	Chief Executive Officer
Mr. Le Dang Khoa	Deputy General Director
Mr. Nguyen Huy Tai	Deputy General Director
Ms. Ninh Thi Lan Phuong	Deputy General Director
Ms. Hoang Thi Mai Thao	Deputy General Director (resigned on 11 October 2024)
Mr. Do Duc Hai	Deputy General Director
Mr. Do Quang Vinh	Deputy General Director
Mr. Luu Danh Duc	Deputy General Director (resigned on 18 December 2024)
Ms. Ngo Thi Van	Chief Accountant

STATEMENT OF THE BOARD OF MANAGEMENT (Continued)

THE BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The Board of Management of the Bank is responsible for preparing the separate financial statements, which give a true and fair view of the separate financial position of the Bank as at 31 December 2024 and its separate financial performance and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. In preparing these separate financial statements, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the separate financial statements;
- Prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue its business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the separate financial statements so as to minimize errors and frauds.

The Board of Management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Bank, and that the separate financial statements comply with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. The Board of Management is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Management confirms that the Bank has complied with the above requirements in preparing these separate financial statements.

For and on behalf of the Board of Management,



Ngô Thu Hà
Chief Executive Officer

Hanoi, 31 March 2025

No.: ~~1001~~ /VN1A-HN-BC

INDEPENDENT AUDITORS' REPORT

To: The Shareholders
The Board of Directors and the Board of Management
Saigon – Hanoi Commercial Joint Stock Bank

We have audited the accompanying separate financial statements of Saigon – Hanoi Commercial Joint Stock Bank (the "Bank"), prepared on 31 March 2025 as set out from page 05 to page 58, which comprise the separate statement of financial position as at 31 December 2024, the separate income statement and the separate cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Management's Responsibility

The Board of Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting and for such internal control as the Board of Management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Bank's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of the Bank as at 31 December 2024, and its separate financial performance and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting.




Phạm-Tuan Linh

Deputy General Director

Audit Practising Registration Certificate

No. 3001-2024-001-1



Nguyen Khuong Duy

Auditor

Audit Practising Registration Certificate

No. 5063-2025-001-1

DELOITTE VIETNAM AUDIT COMPANY LIMITED

31 March 2025

Hanoi, S.R. Vietnam

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SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

Unit: VND Million

NO. ITEMS	Notes	Closing balance	Opening balance
A. ASSETS			
I. Cash	5	1,505,879	1,324,728
II. Balances with the State Bank of Vietnam ("SBV")	6	26,288,908	53,367,977
III. Placements with and loans to other credit institutions	7	123,929,877	71,532,886
1. Placements with other credit institutions		99,216,617	62,809,863
2. Loans to other credit institutions		24,713,260	8,841,433
3. Provisions for credit losses of loans to other credit institutions	8	-	(118,410)
IV. Trading securities	9	4,908,635	7,790,402
1. Trading securities		4,945,728	7,849,272
2. Provisions for impairment of trading securities		(37,093)	(58,870)
V. Loans to customers		497,952,391	415,915,509
1. Loans to customers	11	506,112,656	424,701,173
2. Provisions for credit losses on loans to customers	12	(8,160,265)	(8,785,664)
VI. Investment securities	13	32,335,975	32,063,660
1. Available-for-sale investment securities	13.1	14,956,915	14,373,759
2. Held-to-maturity investment securities	13.2	17,812,962	17,833,636
3. Provisions for impairment of investment securities	13.4	(433,902)	(143,735)
VII. Long-term investments	14	3,615,217	3,615,216
1. Investments in subsidiaries	14.1	3,043,940	3,043,940
2. Investments in associates	14.2	500,000	500,000
3. Other long-term investments	14.3	158,272	158,272
4. Provisions for impairment of long-term investments	14.4	(86,995)	(86,996)
VIII. Fixed assets	15	5,323,402	5,223,696
1. Tangible fixed assets	15.1	822,260	729,258
a. Cost		1,529,373	1,478,496
b. Accumulated depreciation		(707,113)	(749,238)
2. Intangible assets	15.2	4,501,142	4,494,438
a. Cost		4,858,648	4,820,565
b. Accumulated amortisation		(357,506)	(326,127)
IX. Other assets	16	45,212,919	34,820,534
1. Other receivables		32,680,021	18,109,014
2. Interest and fee receivables		11,256,456	13,552,896
3. Other assets	16.3	1,393,797	3,240,147
4. Provisions for impairment of other assets	16.4	(117,355)	(81,523)
TOTAL ASSETS		741,073,203	625,654,608

The accompanying notes are an integral part of these separate financial statements

SEPARATE STATEMENT OF FINANCIAL POSITION (Continued)
As at 31 December 2024

Unit: VND Million

NO. ITEMS	Notes	Closing balance	Opening balance
B. LIABILITIES AND OWNERS' EQUITY			
I. Borrowings from the Government and the SBV	17	1,242,864	1,333,658
1. Borrowings from the Government and the SBV		1,242,864	1,333,658
II. Deposits and borrowings from other credit institutions	18	132,373,236	69,323,647
1. Deposits from other credit institutions		122,008,317	63,843,443
2. Borrowings from other credit institutions		10,364,919	5,480,204
III. Deposits from customers	19	496,105,437	444,627,843
IV. Derivative financial instruments and other financial liabilities	10	61,927	97,152
V. Grants, trusted funds and borrowings where the Bank bears risks	20	1,429,650	1,611,235
VI. Valuable papers issued	21	39,248,195	42,821,727
VII. Other liabilities	22	13,110,542	15,966,433
1. Interest and fee payables		10,466,534	13,953,991
2. Other payables and liabilities		2,644,008	2,012,442
TOTAL LIABILITIES		683,571,851	575,781,695
VII. Capital and reserves	24	57,501,352	49,872,913
1. Contributed capital		38,073,428	37,638,324
a. Charter capital		36,629,085	36,193,981
b. Share premium		1,449,603	1,449,603
c. Treasury shares		(5,260)	(5,260)
2. The Bank's reserves		7,126,212	5,080,327
3. Retained earnings		12,301,712	7,154,262
TOTAL LIABILITIES AND OWNERS' EQUITY		741,073,203	625,654,608

The accompanying notes are an integral part of these separate financial statements

SEPARATE STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2024

Unit: VND Million

OFF-BALANCE-SHEET ITEMS

NO. ITEMS	Notes	Closing balance	Opening balance
1. Credit guarantees	39	30,089	55,050
2. Foreign currency commitments	39	13,754,686	15,454,640
<i>Foreign currency purchase commitments</i>		848,566	805,070
<i>Foreign currency sale commitments</i>		613,719	814,380
<i>Cross currency swap contracts</i>		12,292,401	13,835,190
3. Letters of credit	39	26,204,623	4,966,374
4. Other guarantees	39	17,655,830	18,218,773
5. Uncollected loan interest and fees	40	8,436,939	10,014,387
6. Bad debts written-off	41	39,967,173	33,465,181
7. Other assets and valuable papers	42	2,433,420	2,530,117

Prepared by



Do Thanh Phuong
Head of General Accounting and
Financial Reporting Department

Reviewed by



Ngo Thi Van
Chief Accountant

Approved by



Ngo Thu Ha
Chief Executive Officer

31 March 2025

The accompanying notes are an integral part of these separate financial statements

SEPARATE INCOME STATEMENT
For the year ended 31 December 2024

Unit: VND Million

NO.	ITEMS	Notes	Current year	Prior year
1.	Interest and similar income	25	49,457,531	55,921,747
2.	Interest and similar expenses	26	(28,919,461)	(37,825,621)
I.	Net interest income		20,538,070	18,096,126
3.	Income from services		1,523,791	747,446
4.	Expenses on services		(252,508)	(298,343)
II.	Net profit from services	27	1,271,283	449,103
III.	Net gain from trading foreign currencies	28	85,849	281,250
IV.	Net gain from trading securities	29.1	3,847	10,328
V.	Net (loss)/gain from investment securities	29.2	(218,061)	27,981
5.	Other operating income		1,338,324	470,450
6.	Other operating expenses		(184,101)	(59,611)
VI.	Net profit from other activities	30	1,154,223	410,839
VII.	Income from capital contribution, equity investments	31	40,972	737,398
VIII.	Operating expenses	32	(5,591,847)	(4,679,134)
IX.	Net operating profit before provision expenses for credit loss		17,284,336	15,333,891
IX.	Provision expenses for credit losses	33	(5,945,083)	(6,175,275)
X.	Profit before tax		11,339,253	9,158,616
7.	Current corporate income tax expense	34	(2,207,215)	(1,838,540)
XI.	Corporate income tax expense		(2,207,215)	(1,838,540)
XII.	Profit after tax		9,132,038	7,320,076

Prepared by

Do Thanh Phuong
Head of General Accounting and
Financial Reporting Department

Reviewed by

Ngo Thi Van
Chief Accountant

Approved by



Ngo Thu Ha
Chief Executive Officer

31 March 2025

The accompanying notes are an integral part of these separate financial statements

SEPARATE CASH FLOW STATEMENT
For the year ended 31 December 2024

Unit: VND Million

NO. ITEMS	Current year	Prior year
CASH FLOWS FROM OPERATING ACTIVITIES		
01. Interest and similar income received	51,688,353	57,562,848
02. Interest and similar expenses paid	(32,406,918)	(32,778,719)
03. Income received from services	1,336,901	486,735
04. Net cash from trading foreign currencies, gold and securities	140,025	424,562
05. Other income	677,528	220,753
06. Cash recovered from bad debts written off or compensated by provision for credit losses	475,451	190,201
07. Payments to employees and for operating management	(5,436,348)	(4,582,175)
08. Corporate income tax paid for the year	(1,836,932)	(2,405,242)
Net cash from operating profit before changes in assets and working capital	14,638,060	19,118,963
Changes in operating assets	(114,319,117)	(60,679,790)
09. (Increase)/Decrease in placements with and loans to other credit institutions	(15,871,826)	1,622,539
10. Decrease/(Increase) in trading securities	2,341,062	(7,004,390)
11. Decrease in derivatives and other financial assets	-	269,772
12. (Increase) in loans to customers	(81,411,482)	(59,654,251)
13. (Decrease) in provisions for losses	(6,653,060)	(3,776,019)
14. (Increase)/Decrease in other operating assets	(12,723,811)	7,862,559
Movement in operating liabilities	110,669,589	78,553,285
15. (Decrease) in borrowings from the Government and the SBV	(90,794)	(8,381,535)
16. Increase/(Decrease) in deposits and borrowings from other credit institutions	63,049,589	(7,503,538)
17. Increase in deposits from customers	51,477,593	86,179,526
18. (Decrease)/Increase in valuable papers issued (excluding issued valuable papers charged to financial activities)	(3,573,532)	8,145,819
19. (Decrease) in grants, trusted funds and borrowings where Bank bears risks	(181,585)	(4,370)
20. (Decrease)/Increase in derivatives and other financial liabilities	(35,225)	97,152
21. Increase in other operating liabilities	23,543	20,231
I. Net cash generated by operating activities	10,988,532	36,992,458

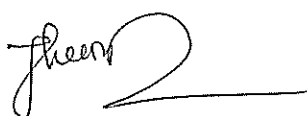
The accompanying notes are an integral part of these separate financial statements

SEPARATE CASH FLOW STATEMENT (Continued)
For the year ended 31 December 2024

Unit: VND Million

NO. ITEMS	Current year	Prior year
CASH FLOWS FROM INVESTMENTING ACTIVITIES		
01. Acquisition of fixed assets	(210,523)	(235,358)
02. Proceeds from sales, disposal of fixed assets	2,474	1,780
03. Expenses on sales, disposal of fixed assets	(1,230)	(1,895)
04. Investments in other entities	-	(44,916)
05. Proceeds from investments in other entities	-	1,122,889
06. Dividends and profit received from long-term investments and capital contribution	40,972	114,509
II. Net cash (used in)/generated investing activities	(168,307)	957,009
CASH FLOWS FROM FINANCING ACTIVITIES		
01. Proceeds from share issue	435,104	-
02. Dividends paid to shareholders and profit distribution	(1,746,493)	(165)
III. Net cash (used in) financing activities	(1,311,389)	(165)
IV. Net increase in cash and cash equivalents	9,508,836	37,949,302
V. Cash and cash equivalents at the beginning of the year	117,502,568	79,553,266
VII. Cash and cash equivalents at the end of the year (Note 35)	127,011,404	117,502,568

Prepared by



Do Thanh Phuong
Head of General Accounting and
Financial Reporting Department

Reviewed by



Ngo Thi Van
Chief Accountant

Approved by



Ngo Thu Ha
Chief Executive Officer

31 March 2025

The accompanying notes are an integral part of these separate financial statements

NOTES TO THE SEPARATE FINANCIAL STATEMENTS*These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements***1. GENERAL INFORMATION****Establishment and Operation**

Saigon - Hanoi Commercial Joint Stock Bank ("the Bank") is a commercial joint stock bank incorporated and registered in Vietnam.

The Bank was established pursuant to the Banking License No. 0041/NH-GP issued by the State Bank of Vietnam ("hereby referred as SBV") on 13 November 1993 with the original name of Nhon Ai Rural Commercial Joint Stock Bank. The Bank was renamed as Saigon – Hanoi Commercial Joint Stock Bank under Decision No 1764/QĐ-NHNN dated 11 September 2009. The Bank successfully merged Hanoi Building Commercial Joint Stock Bank ("HBB") and Vinaconex – Viettel Finance Joint Stock Company ("VVF") into its operation in 2012 and 2017, respectively, which was in line with the Restructuring plan of the banking system in Vietnam. Currently, the Bank operates under the Establishment and Operation License No. 115/GP-NHNN dated 30 November 2018, issued by the State Bank of Vietnam which has been amended several times and the most recent adjustment is according to Decision No. 1669/QĐ-NHNN dated 07 September 2023, and Enterprise Registration Certificate No. 1800278630 dated 10 December 1993 by the Hanoi Authority of Planning and Investment which was amended for the 35th time on 02 July 2024. The Bank's term of operation is 99 years since 13 November 1993.

The Bank was established to carry out banking activities under its Establishment and Operation License and Enterprise Registration Certificate, including demand deposits, term deposits, savings deposits and other types of deposits; credit granting; opening current accounts for customers; supply of domestic payment services; opening accounts; organizing internal payment; participating in the national interbank payment system; cash management services, banking and financial consultancy; services of managing, asset maintenance, leasing cabinets, safe boxes; providing advisory services on business finance, merger and acquisition, disposal, consolidation, merger and investment; participating in bidding for Treasury bills, purchase and sale of negotiable instruments, Government bonds, Treasury bills, State Bank of Vietnam bills and other valuable papers on the monetary market; buying and selling Government bonds and corporate bonds; providing money brokerage services; issuing certificates of deposit, promissory notes, treasury bills and bonds to mobilize domestic and foreign capital according to the provisions of the Law on Credit Institutions, the Law on Securities, the Government's Law and guidance; borrowing capital from the State Bank of Vietnam in the form of refinancing; lending and borrowing capital from domestic and foreign credit institutions and financial institutions; capital contribution and sale; acting as trustor, trustee and agent in banking-related activities, insurance business and asset management according to the regulations of the State Bank of Vietnam; trading and providing foreign exchange services on the domestic and international market within the scope prescribed by the State Bank of Vietnam; supplying commodity derivative products; providing securities depository and gold trading services; debt purchasing activities; e-wallet services; investment in Government futures contracts.

Charter capital

As at 31 December 2024, the Bank's charter capital was VND 36,629,085 million.

Operating network

The Head Office of the Bank is located at 77 Tran Hung Dao Street, Tran Hung Dao Ward, Hoan Kiem District, Hanoi, Vietnam. As at 31 December 2024, the Bank has one (1) Head office, sixty-three (63) domestic branches and two hundred and thirty (230) transaction offices.

Employees

The total number of officers and employees of the Bank as at 31 December 2024 was 6,127 (as at 31 December 2023 was 5,753).

Subsidiaries

As at 31 December 2024, the Bank has three (03) subsidiaries as follows:

No.	Name	Established in accordance with Decision/License No.	Business sector	Proportion of ownership
1	SHB Debt Management and Asset Development One Sole Member Company Limited ("SHB AMC")	No. 0103811666 dated 04 May 2009 by Hanoi Authority for Planning and Investment and the 5 th Amendment dated 25 June 2019	Debt and Asset management	100%
2	Saigon – Hanoi Bank Laos Limited ("SHB Laos")	554/2018/VC-SHB LAO dated 08 July 2015 by Bank of the Lao PDR and the 3 rd Amendment dated 22 May 2024	Finance/ Banking	100%
3	Saigon – Hanoi Bank Cambodia Plc ("SHB Cambodia")	Banking License No. B.35 dated 31 October 2016 issued by the National Bank of Cambodia and Registration Certificate No. MOC-6193635 dated on 13 March 2017 by Cambodia's Ministry of Commerce	Finance/ Banking	100%

Associates

As at 31 December 2024, the Bank has one (01) associate as follows:

No.	Name	Established in accordance with Decision/License No.	Business sector	Proportion of ownership
1	SHBank Finance Company Limited ("SHB FC")	No. 21/GP-NHNN dated 25 April 2023 by the SBV and Registration Certificate No. 0107779290 dated 28 March 2017 by Hanoi Authority for Planning and Investment and the 9 th amendment dated 18 January 2024	Consumer lending	50%

Resolution No. 29/NQ-HDQT dated 25 August 2021 issued by the Bank's Board of Directors approving the Bank's transfer of its 100% ownership in SHBank Finance Company Limited, a subsidiary of the Bank. The capital transfer is divided into two phases. The Bank has completed the procedures for transferring 50% of charter capital to Bank of Ayudhya Public Company Limited ("Krungsri") of Thailand – a member of MUFG Group (Japan). After 3 years of joint ownership of SHB FC, the Bank will transfer the remaining 50% of charter capital to Krungsri and Krungsri will become the sole owner of SHB FC. On 25 April 2023, SBV approved the License for Establishment and Operation of SHBank Finance Company Limited No. 21/GP-NHNN (replacing the License No. 71/GP-NHNN for Establishment and Operation of SHBank Finance Company Limited issued by the SBV dated on 11 November 2021) with an operation period of 50 years and the charter capital is VND 1,000,000 million. On 09 June 2023, the Hanoi Authority for Planning and Investment issued the Enterprise Registration Certificate No. 0107779290 which was amended the 7th time, acknowledging that the list of capital contributors of SHB FC includes the Bank and Krungsri with the equal capital contribution ratio of 50%. SHB FC have been agreed to be transferred to Krungsri, as such, Krungsri has the right to appoint key management positions at SHB FC, through which exercising its right to control over SHB FC. Currently, the Bank assesses that it still has a significant influence on SHB FC's financial policies and operations. Therefore, the Bank recognizes its remaining investment in SHB FC as investment in associate as at 31 December 2024.

Resolution No. 27/2024/NQ-HDQT dated 04 November 2024 of the Board of Directors accepts and approves the Bank's transfer, as the owner of 50% of the charter capital of SHBank Finance Company Limited, of the entire remaining charter capital of the Bank in SHB FC. As at the date of issuance of the financial statements, the transaction is still in progress.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying separate financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. However, due to the Bank's large scale of operation, for the purpose of preparing these separate financial statements, the figures are rounded to and presented in millions of Vietnam Dong (VND Million). This presentation does not materially impact the separate financial statements in terms of the financial position, the results of operations and cash flows of the Bank. Regarding the number of shares, the Bank presented the items in units as shown in Note 24.3.

The accompanying separate financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices which are generally accepted in countries and jurisdictions other than Vietnam.

Financial year

The Bank's financial year begins on 01 January and ends on 31 December.

3. APPLICATION OF NEW GUIDELINES

Law on Credit Institutions No. 32/2024/QH15 dated 18 January 2024

On 18 January 2024, the National Assembly issued the Law on Credit Institutions No.32/2024/QH15 ("Credit Institutions Law 2024") regulating the establishment, organization, operation, and early intervention, special control, reorganization, dissolution, bankruptcy of credit institutions; handling of bad debts and collateral for bad debts of credit institutions. The Law on Credit Institutions in 2024 takes effect from 01 July 2024, replacing the Law on Credit Institutions No. 47/2010/QH12 dated 16 June 2010 and the Law No. 17/2017/QH14 dated 20 November 2017 amending and supplementing a number of articles of the Law on Credit Institutions, except for certain provisions effective from 01 January 2025.

Circular No. 06/2024/TT-NHNN dated 18 June 2024

On 18 June 2024, the State Bank ("SBV") issued Circular No. 06/2024/TT-NHNN ("Circular 06") amending and supplementing a number of articles of Circular No. 02/2023/TT-NHNN ("Circular 02") dated 23 April 2023 of the State Bank of Vietnam regulating credit institutions on debt rescheduling and retention of debt category to assist business in difficulties. Accordingly, Circular 06 stipulating the restructuring of debt repayment terms for customers according to the provisions of this Circular has been implemented from the effective date of this Circular until 31 December 2024. Circular 06 takes effect from 18 June 2024.

Circular No. 21/2024/TT-NHNN dated 28 June 2024

On 28 June 2024, the State Bank of Vietnam issued Circular No. 21/2024/TT-NHNN ("Circular 21") regulating letter of credit (L/C) operations and other business activities of credit institutions related to letters of credit. Circular 21 takes effect from 01 July 2024, including regulations on credit risk classification, provisioning levels and methods, and the use of provisions to handle credit risks of commitments and assets in credit granting for L/C operation, in performing the outright purchase without recourse of the set of documents presented under L/C, and in entrusting the issuance of L/C according to legal regulations on asset classification, risk provisioning levels and methods, and the use of provisions to handle risks in the operations of banks and foreign bank branches.

Circular No. 31/2024/TT-NHNN dated 30 June 2024

On 30 June 2024, the State Bank of Vietnam issued Circular No. 31/2024/TT-NHNN ("Circular 31") regulating the classification of assets in the operations of commercial banks, non-bank credit institutions, and foreign bank branches. Circular 31 replaces Circular No. 11/2021/TT-NHNN dated 30 July 2021 ("Circular 11") of the State Bank of Vietnam regulating asset classification, risk provisioning levels and methods, and the use of provisions to handle risks in the operations of credit institutions and foreign bank branches. Circular 31 takes effect from 01 July 2024.

Decree No. 86/2024/ND-CP dated 11 July 2024

On 11 July 2024, the Government issued Decree No. 86/2024/ND-CP ("Decree 86") regulating the risk provisioning levels and methods, and the use of provisions to handling risks in the operations of credit institutions, foreign bank branches and cases where credit institutions are required to derecognize interest receivables that had been recorded. Decree 86 takes effect from 11 July 2024.

Key changes of Circular 31 and Decree 86 that have a material impact on the Bank's separate financial statements in the future include the following:

- Regarding the classification of assets with credit risk, Circular 31 supplements requirements for debts arising from L/C operations, and removes requirements for purchases of promissory notes and bills of credit domestically issued by credit institutions, foreign bank branches;
- Regarding methods and principles of debt classification, Circular 31 amends and supplements requirements relating to the following: the principles of classification of entrusted amounts to issue letters of credit; the debts that a credit institution accepting mandatory transfer sells to a credit institution undergoing mandatory transfer according to a mandatory transfer plan approved by a competent authority, but proceeds from selling debts have not been fully recovered; the payment amount for purchase or for entrustment to purchase unlisted bonds whose terms can be extended in accordance with the law; discounting negotiable instruments and other valuable papers; debts arising from L/C operations; loans and deposits of a supporting credit institution at a special-control credit institution; loans, guarantees, deposits of credit institutions accepting mandatory transfer and other credit institutions at commercial banks undergoing mandatory transfer; debts that have their repayment terms restructured;
- For debts whose interest are exempted or reduced in according to the State Bank's regulations on restructuring debt repayment terms, exempting or reducing interest and fees, maintaining the debt group to support customers affected by Covid-19 are allowed to be reclassified into lower risk debt groups (including group 1) when fully meeting the conditions as prescribed in Circular 31; and
- Other debts arising between credit institutions and foreign bank branches in Vietnam from activities governed by Decree 86 are not subject to general provisioning.

Decision No. 1510/QĐ-TTg and Circular No. 53/2024/TT-NHNN dated 04 December 2024

On 04 December 2024, the Prime Minister issued Decision No. 1510/QĐ-TTg ("Decision 1510") on the classification of assets, the risk provisioning levels and methods, and the use of provisions to handle risk related to loans of borrowers in difficulties due to the impact and damage of Storm No. 3. On the same date, the State Bank of Vietnam (SBV) issued Circular No. 53/2024/TT-NHNN ("Circular 53") stipulating the restructuring of loan repayment terms for borrowers in difficulties due to the impact of Storm No. 3 and flooding, landslides in the aftermath of Storm No. 3. Decision 1510 and Circular 53 take effect from 04 December 2024.

Key provisions of Decision 1510 and Circular 53 that have an impact on the Bank's separate financial statements for the current year include the following:

- Regulations on the conditions of loans eligible for restructuring, including the outstanding principal and/or interest that are restructured in terms of repayment deadlines, and the permission to maintain the debt group and classification after restructuring debt repayment terms; and
- Regulations for the restructuring of debt repayment terms for eligible customers under Circular 53 which will be implemented from the effective date of this Circular until 31 December 2025, with no limitation on the number of times repayment terms to be restructured.

The Board of Management has applied the Law on Credit Institutions in 2024, Decree 86, Decision 1510 and the aforementioned Circulars in the Bank's separate financial reporting for the year ended 31 December 2024.

New guidance in issue but not yet effective

Law No. 56/2024/QH15 dated 29 November 2024

On 29 November 2024, the National Assembly of Vietnam issued Law No. 56/2024/QH15 ("Law 56") amending Law on Securities, Law on Accounting, Law on Independent Audit, Law on State budget, Law on Management and Use of Public Property, Law on Tax Administration, Law on Personal Income Tax, Law on National Reserves and Law on Penalties for Administrative Violations. Law 56 takes effect from 01 January 2025, except for certain provisions effective from 01 April 2025 and 01 January 2026.

The Board of Management assesses that the adoption of the Law 56 may not have any material impact on the comparative figures of the Bank's separate financial statements in future periods.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted by the Bank in the preparation of these separate financial statements, are as follows:

Estimates

The preparation of the separate financial statements in conformity with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the separate financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the Board of Management's best knowledge, actual results may differ from those estimates and assumptions.

Foreign currencies

According to the Bank's accounting system, all transactions of the Bank are recorded in original currencies. At the date of the separate financial statements, assets and liabilities denominated in foreign currencies are translated into VND at the average buying and selling spot exchange rates at the close of business of the statement of financial position date, if the difference between this rate and the weighted average exchange rate of buying and selling of the same day is less than 1% (see details of exchange rates applied on 31 December 2024 at Note 51). In case the buying and selling spot exchange rate at the close of business of the statement of financial position date is greater than or equal to 1% compared with the weighted average of buying and selling spot exchange rate of the same day, the Bank uses the weighted average buying and selling spot exchange rates of the statement of financial position date for conversion. Income and expenses arising in foreign currencies of the Bank are converted into VND at exchange rates ruling at the transaction dates. At the end of the year, exchange rate differences arising from revaluation of assets and liabilities denominated in foreign currencies into VND are recorded in the separate income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash, current accounts at the SBV, current accounts and time deposits for term of three months or less from the deposit date.

Placements with and loans to other credit institutions

Placements with and loans to other credit institutions are presented at their principal amounts outstanding at the end of the financial year.

The credit risk classification for placements with and loans to other credit institutions and the corresponding provisioning shall comply with the provisions of the Circular 31 and Decree 86. Accordingly, the Bank makes specific provisions for deposits (except for current deposits at other domestic credit institutions and foreign bank branches, and placements with Vietnam Bank for Social Policies following the regulations of the SBV on maintaining the balance of deposits at Vietnam Bank for Social Policies of state credit institutions) at other credit institutions and foreign bank branches as prescribed by law, and deposits (except for current deposits) at overseas credit institutions in a similar way to those for loans to customers.

Derivatives

Foreign currency forward and swap contracts

For foreign currency forward and swap contracts, the difference between equivalent VND amounts of foreign currency purchase/sale commitments using forward exchange rate and spot exchange rate as at effective date of the contract is recognized immediately at the effective date of the contract in lines “Interest and fee receivables” or “Interest and fee payables” in the separate statement of financial position. The difference is subsequently allocated to “Net gain/(loss) from trading foreign currency” item using straight-line method over the term of the contract.

As at the date of the separate financial statements, commitments of foreign currency forward contracts are revaluated and exchange differences arising from the revaluation of foreign currency denominated balances of forward contracts are recognized in the separate income statement.

Loans to customers

Loans to customers are disclosed and presented at their principal amounts outstanding at the end of the financial year.

Provision for credit losses

Loan classification and provision for credit losses

In accordance with Circular 31 and Decree 86, the Bank is required to apply loan classification and credit risk provisioning to the Assets (hereinafter referred to as “debts”) including:

- Loans;
- Finance leasing;
- Discounts, rediscounts of negotiable instruments and other valuable papers;
- Factoring;
- Credit facilities in the form of credit card issuance;
- Payments on behalf under off-balance-sheet commitments include payments made on behalf of customers under transactions of guarantee and letters of credit (L/C) (except for payments made on behalf of customers under transactions of Usance Payable at Sight (UPAS) L/C that allow the beneficiary to be paid immediately or before the L/C due date, and those under transactions of L/C

- reimbursement as agreed with customers using the reimbursing bank's funds from the date the reimbursing bank pays the beneficiary; transactions of L/C payment negotiation) and other payments made on behalf of customers under off-balance sheet commitments;
- Amounts for purchase and entrustment of purchase of corporate bonds (including bonds issued by other credit institutions) which have not yet been listed on stock exchanges nor registered for trading on the UPCoM trading system (hereinafter referred to as unlisted bonds), excluding the purchase of unlisted bonds with trusted funds to which the trustee bears the risk;
 - Credit granting entrustment;
 - Deposits (except for current accounts at other domestic credit institutions and foreign bank branches, and deposits at Vietnam Bank for Social Policies following regulations of the SBV on maintaining the balance of deposits at Vietnam Bank for Social Policies of state credit institutions) at other credit institutions and foreign bank branches as prescribed by law, and deposits (except for current deposits) at overseas credit institutions;
 - Debt sale and purchase according to the State Bank's regulations except for bad debt buying and selling transactions conducted between credit institutions or foreign bank branches and Vietnam Asset Management Company (VAMC);
 - Repos of Government bonds in the stock market following the law on issuance, registration, depository, listing and trading of Government debt securities in the stock market;
 - Purchase of certificates of deposit issued by other credit institutions and foreign bank branches;
 - Transactions of Usance Payable at Sight (UPAS) L/C that allow the beneficiary to be paid immediately or before the L/C due date, and those under transactions of L/C reimbursement as agreed with customers using the reimbursing bank's funds from the date the reimbursing bank pays the beneficiary; transactions of L/C payment negotiation; and
 - Non-recourse discounting L/C, except the case L/C is issued by the Bank.

Accordingly, customers' loans are determined to be the highest of risk group as classified under Article 10 of Circular 31 and customers' highest debt group at credit institutions provided by the Credit Information Center ("CIC") of the SBV at the time of loan classification.

The Bank maintains the same debt group for a number of loans in accordance with the provisions of Circular No. 10/2015/TT-NHNN dated 22 July 2015 guiding the implementation of some contents of the Government's Decree No. 55/2015/ND-CP dated 09 June 2015 ("Decree 55") on credit policies for agricultural and rural development; Circular No. 02/2023/TT-NHNN ("Circular 02") dated 23 April 2023, Circular No. 06/2024/TT-NHNN ("Circular 06") dated 18 June 2024 and Circular No. 53/2024/TT-NHNN ("Circular 53") dated 04 December 2024 of the SBV providing instructions for credit institutions and foreign bank branches on debt rescheduling and debt category maintaining to assist borrowers in difficulty and documents of the SBV on debt classification and risk provisioning.

Loans are classified by risk level into the following groups: Standard, Special mention, Substandard, Doubtful and Loss. Loans classified as either Substandard, Doubtful or Loss are considered bad debts. Loan classification and provision for credit losses will be made at the end of each month and recognized in the following month. Provision for credit losses as at 31 December is recognized in the separate income statement for that year.

The specific provision at the year-end date is calculated by subtracting the discounted value of collateral from the remaining loan balance multiplied by the specific provision rate based on the loan classification result at the year-end. The specific provision rate for each debt group as prescribed in Decree 86 is prescribed as follows:

Group	Type	Provision rate
1	Standard	0%
2	Special mention	5%
3	Substandard	20%
4	Doubtful	50%
5	Loss	100%

The additional specific provision to be made is specified in Circular 02. Accordingly, the Bank is required to make specific provision for debts to customers whose repayment terms of the remaining principal balance are rescheduled as prescribed by this Circular as follows:

- Up to 31 December 2023: by at least 50% of the specific provision to be additionally made; and
- Up to 31 December 2024: 100% of the specific provision to be additionally made.

Following Decree 86, a general provision is made for credit losses that are yet to be identified during the loan classification and specific provisioning process as well as in cases where the credit institutions encounter potential financial difficulties due to the deterioration in loan quality. Accordingly, the Bank is required to make and maintain a general provision at 0.75% of the total outstanding loan balances which are classified into groups 1 to 4, excluding deposits at domestic credit institutions and foreign bank branches in Vietnam as prescribed by law and deposits at overseas credit institutions; loans and forward purchase of valuable papers among credit institutions and foreign bank branches in Vietnam; purchases of certificates of deposit or bonds issued locally by other credit institutions and foreign bank branches; and repurchase agreements of Government bonds on the stock market in accordance with the legal regulations on issuance, registration, depository listing and trading of government debt instruments in the stock market and other debts arising between credit institutions and foreign bank branches in Vietnam in accordance with the provisions of law.

Write-off of bad debts

Provision is recorded as an expense on separate income statement and used to write – off bad debts. In accordance with Decree 86, the Bank must set up Risk Management Committee to deal with bad debts if they are classified as Group 5, or if borrowers are either liquidated or bankrupted legal entities, or deceased or missing individual.

Classification of off-balance-sheet commitments

The Bank classifies guarantee, acceptances of payment and irrevocable loan commitments and other credit risk-bearing commitments (collectively referred to as “off-balance-sheet commitments”) into groups as stipulated in Article 09, Article 10 of Circular 31. Accordingly, off-balance-sheet commitments are classified by risk level into the following groups: Standard, Special mention, Substandard, Doubtful and Loss.

The Bank does not make general and specific provisions for off-balance-sheet commitments in accordance with the guidance of Decree 86.

Investments

Trading securities

Trading securities include debt securities, equity securities and other securities that the Bank has bought and had the intention to sell in the near future to gain benefits from price differences. Trading securities are recognized at cost at the date of transaction and subsequently recorded at cost during the holding period. Interest and cash dividends derived from trading securities are recognized on a cash basis in the separate income statement.

These securities are subject to impairment review at the date of the separate financial statements. Provisions for securities that are stipulated in the scope of Circular 31 (as described in the summary of significant accounting policies for “Provision for credit losses”) are made in accordance with Decree 86. Provisions for impairment of securities that are not stipulated in the scope of Circular 31 are made when their carrying values are higher than their market values determined in accordance with prevailing accounting regulations. Provision for impairment is recognized in the separate income statement as “Net gain/ (loss) from trading securities”.

Investment securities

Available-for-sale investment securities

Available-for-sale securities include debt and equity securities that the Bank either owns less than 11% of voting rights for investment and available-for-sale purposes, not frequently traded but can be sold when there is a benefit. Additionally, the Bank is neither a founding shareholder nor a strategic partner and does not have significant influence over the financial policies or operational decisions of the investee enterprise through any formal agreements on appointing personnel to the Board of Directors or the Board of Management.

Available-for-sale equity securities are recognized at cost at the transaction date and subsequently recorded at cost during the holding period.

Available-for-sale debt securities are initially recognized at par value at the transaction date. Accrued interest before the acquisition date (for debt securities with interest payment in arrears) or interest income received upfront awaiting amortization (for debt securities with interest payment in advance) is recorded in a separate account. Any discount or premium, which is the difference between the cost and the amount equal to par value plus (+) accrued interest before the acquisition date (if any) or minus (-) interest received upfront awaiting amortization (if any), is also recorded in a separate account.

During the term of those securities in subsequent period, these securities are recorded at par value, and the discount/premium (if any) is amortised into the separate income statement using the straight-line method over the estimate remaining term of securities. The interest received during the securities term is recorded as follows: accumulative interest income before the purchasing date is recorded as a decrease from the cost of such securities and the same amount is credited into the accrued interest income; accumulative interest income after the purchasing date is recognised as the Bank’s income on an accrual basis. Interest received in advance is recorded as income from securities investment using the straight-line method over the period of securities investment.

Periodically, available-for-sale securities are subject to impairment review. Provisions for securities that are stipulated in the scope of Circular 31 (as described in the summary of significant accounting policies for "Provision for credit losses") are made in accordance with Decree 86. Provisions for impairment of securities that are not stipulated in the scope of Circular 31 are made when their carrying values are higher than their market values determined in accordance with prevailing accounting regulations. Provision for impairment is recorded in the separate income statement as "Net gain/(loss) from investment securities".

Held-to-maturity investment securities

Held-to-maturity investment securities are debt securities that the Bank purchases for investment purposes to gain interest and the Bank has the intention and the capacity to hold the securities until maturity. Held-to-maturity securities have determinable value and fixed maturity dates. In case of being sold before maturity, they will be reclassified as trading or available-for-sale securities. Held-to-maturity investment securities are recognized similarly to available-for-sale debt securities.

Periodically, held-to-maturity securities are subject to impairment review. Provisions for securities that are fallen within the scope of Circular 31 (as described in the summary of significant accounting policies for "Provision for credit losses") are made in accordance with Decree 86. Provisions for impairment of securities that are not fallen within the scope of Circular 31 are made when their carrying values are higher than their market values determined in accordance with prevailing accounting regulations. Provision for impairment is recorded in the separate income statement as "Net gain/(loss) from investment securities".

Reclassification

According to Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 by the SBV, reclassification after the transaction date is made only once for each item of investment securities. In special cases or in case a large number of securities have to be reclassified (greater than or equal to 50% of the total value of the portfolio), the Bank will disclose the effect of reclassification on total assets, liabilities, equity, income and expenses of the Bank in the separate financial statements.

Investment in subsidiaries

Investment in subsidiaries over which the Bank has control rights is carried at cost in separate financial statements. Distributions from accumulated net profits of subsidiaries arising subsequently to the acquisition date are recognized in the separate income statement for the year. Distributions from other sources are considered recovery of investments and are deducted from the cost of the investments.

Investments in joint ventures

Investment in a joint venture is a contractual arrangement whereby the Bank and other parties undertake an economic activity that is subject to joint control, i.e. that the strategic financial and operating policy decisions relating to the activities of the joint ventures require the unanimous consent of the parties sharing control.

Investments in joint ventures are carried at cost in separate financial statements. Accordingly, the Bank's contributed capital is initially recorded at cost. Distributions from accumulated net profits of the joint ventures arising subsequently to the date of acquisition are recognized in the separate income statement for the year. Distributions from sources other than from such profits are considered recovery of investments and are deducted from the cost of the investments.

Other long-term investments

Other long-term investments represent the Bank's capital investments in other enterprises at which the Bank either owns less than 11% of the voting rights and is a founding shareholder; or a strategic partner; or is capable of controlling, to some extent, the process of initiating and approving financial and operating policies of the investees, which is evidenced by a written agreement on delegating personnel for representation in the Board of Directors/Board of Management. These investments are initially recognized at cost at the transaction date and always carried at that cost during the subsequent holding period.

Provision for impairment of capital contribution, long-term investments

Provision for impairment of investments in capital contribution and long-term investments are made when the investee is operating at loss in accordance with prevailing accounting regulations.

Provision for impairment of capital contribution and long-term investments are recognized as an operating expense in the separate income statement. In case an investment is made in listed shares or the fair value of an investment is reliably determined, the provision is made based on the market value of the stock (similar to the provision for impairment of trading securities).

Recognition

The Bank recognizes investment securities and other investments at the date when the Bank performs the contractual terms (transaction-date based policy). Investment securities and other investments are initially recognized at cost. After initial recognition, investment securities and other investments are recognized under the above accounting policies.

Derecognition

Investment in securities and other investment is derecognized when the rights to receive cash flows from the investments end or when the Bank transfers to the buyer the significant risks and rewards associated with the ownership of the investments.

Trust activities and trusted funds

The value of trusted funds is recorded when the trust contracts have been signed and trusted funds have been realised. Rights and obligations of the trustor and trustee relating to profit and profit sharing, trust fee, other rights and obligations are for compliance with the terms of the signed contracts. The assets that are held under custody services are not considered as assets of the Bank and therefore, they are not recognized in the separate financial statements of the Bank.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of tangible fixed asset comprises all the Bank's purchase price plus any directly attributable costs of bringing the asset to the working condition for its intended use.

Expenditures for additions, improvements and renewals are capitalized and expenditures for maintenance and repairs are charged to the separate income statement when incurred. When assets are sold or disposed, their cost and accumulated depreciation are written off from the separate statement of financial position and any gains or losses resulting from their disposals are recorded in the separate income statement.

Intangible assets

Intangible assets are stated at cost less accumulated amortization. The cost of an intangible asset comprises all the Bank's expenditures paid to acquire the asset until it is put into use.

Expenditures for improvements and renewals are capitalized. Costs related to intangible fixed assets incurred after the initial recognition are measured reliably, increasing the economic benefits of intangible fixed assets compared to the initial activity, which is reflected in the increase in the cost of the asset. Other expenditures are charged to the separate income statement when incurred. When intangible assets are sold or disposed, their cost and accumulated amortisation are written off from the separate statement of financial position and any gains or losses resulting from their disposals are recorded in the separate income statement.

Leases

A lease is classified as a finance lease when significant rights and risks relating to ownership of the leased item are transferred to the lessee. All leases other than finance leases are classified as operating leases.

A lease is considered as an operating lease when the lessor still enjoys many of the benefits and is subject to the risk of ownership of the property. The value of the operating leased property is not recognized on the separate financial position statement. Rent payable is accounted for in a straight-line method in the "Operating Expenses" item during the lease term.

Depreciation and amortization

Depreciation and amortization of tangible fixed assets and intangible assets are calculated on a straight-line basis over the estimated useful lives of the assets.

<u>Assets</u>	<u>Estimated useful lives (Years)</u>
Buildings and structures	25
Machinery and equipment	03 – 05
Motor vehicles	06 – 10
Office equipment	03 – 07
Other tangible fixed assets	04 – 07
Computer software	03 – 08
Other intangible assets	04 – 10

The cost of the land use rights is not amortized if it is granted by the Government of Vietnam for an indefinite term. The cost of the land use rights with definite term is amortized over the granted term from 30-46 years.

Prepayments

Prepayments include actual expenses that have arisen but are related to the results of production and business activities of many accounting periods. Prepayments comprise prepaid office rentals and other prepaid expenses.

Office rentals represent the amounts which have been paid in advance. Prepaid office rental is charged to the separate income statement using the straight-line method over the rental period.

Other prepayments include repair, maintenance costs for assets, costs of tools and supplies issued for consumption, which are expected to provide future economic benefits to the Bank. These expenses are capitalized as prepayments and are allocated to the separate income statement using the straight-line method over the period of one year or more, but not exceeding three years in accordance with prevailing accounting regulations.

Receivables

Receivables other than those from credit activities in the Bank's operation are initially recognized at cost and subsequently recorded at cost. Other receivables are subject to impairment review based on the overdue status or based on the expected loss for the following cases: institutional debtors who have fallen into bankruptcy or have been in the process of dissolution; or individual debtors who are missing, escaping, prosecuted, on trial or passed away even though receivables are not overdue. Provision expense incurred is recorded as "Operating expenses" in the separate income statement during the year.

Provision rates for overdue receivables are applied in accordance with the prevailing accounting regulations.

Other provisions

Other provisions are recognized when the Bank has a present obligation as a result of a past event, and it is probable that the Bank will be required to settle that obligation. Other provisions are measured at the Board of Management's best estimate of the expenditure required to settle the obligation at the financial year end.

Capital and reserves

Common shares

Common shares are classified as owners' equity.

Share premium

When capital is received from shareholders, the difference between selling price and par value is recorded as share premium in owners' equity. Incurred expenses that directly relate to the issuance of common shares are recognized as a decrease in share premium.

Treasury shares

When issued shares are repurchased, the aggregate amount paid, including expenses that directly relate to the repurchase of shares, after deducting taxes, is recorded as treasury shares and stated as a decrease in owners' equity.

Reserves

Reserves are used for specific purposes and are appropriated from the Bank's profit after tax based on the regulated ratios in the following sequence:

- Charter capital supplementary reserve: 10% of profit after tax but not exceeding the Bank's charter capital;
- Financial reserve fund: 10% of profit after tax;
- Other reserves, if any, will be approved by the shareholders at the Annual General Shareholders' Meeting.
- The bonus and welfare fund shall be deducted according to the decision of the General Shareholders' Meeting.

Revenue and expenses

Interest income/expense and similar items

Interest income and interest expenses are recognized in the separate income statement on the accrual basis. Accrued interest income arising from the loans that are classified from group 2 to group 5 in accordance with Circular 31, accrued interest income on loans restructured and maintained as Standard loan group (group 1) as prescribed in Circular 02, Circular 06 and Decree 55 will not be recognized in the separate income statement. Accrued interest income on such loans is recorded as an off-balance-sheet item and is recognized in the separate income statement upon actual receipt.

Income and expenses from interest on investments are recorded on the accrual basis. Accrued interest income of securities that are fallen within the scope of Circular 31 and classified from group 2 upwards is not recognized in the separate income statement for the year. These accruals are recorded as off-balance-sheet items and are only recognized in the separate income statement upon actual receipt.

Income from service charges and commissions

Income from service charges and commissions is recognized when service is rendered.

Income from guarantee and L/C commitment activities

Income from guarantee and L/C commitment activities is recognized on the accrual and allocation basis.

Income from securities trading

Income from securities trading is determined based on the difference in selling price and cost of securities sold.

Recognition of dividends and profits received

Cash dividends and profits received from investment and capital contributions activities are recorded in the separate income statement when the Bank's right to receive dividends and profits has been established. Share dividends, which are distributed from profits of joint stock companies, are recognized neither as an increase in the value of received shares nor financial income in the separate financial statements but are only used for tracking the increase in the number of shares according to Circular No. 200/2014/TT-BTC dated 22 December 2014 issued by the Ministry of Finance.

Revenue from other services

When the contract results can be determined reliably, revenue will be recognized based on the level of completion. If the contract results cannot be determined reliably, revenue will only be recognized at the recoverable level of the recorded expenses.

Recognition of accrued income not yet collected

According to Circular No. 16/2018/TT-BTC dated 07 February 2018 ("Circular16") issued by the Ministry of Finance, receivables recognized as accrued income but subsequently assessed to be not recoverable or not yet recoverable at the due date are recorded as reduction in revenue if the income has been accrued in the same financial year or recorded as other expenses if accrued in different financial year and monitored off-balance-sheet. Upon actual receipt of these receivables, the Bank recognizes them in "Other income" in the separate income statement.

Expense recognition principles

According to Circular 16, only arising transactions and economic activities as deductible expenses in accordance with the provisions of the law on corporate income tax are recorded in the separate income statement of the Bank.

Taxation

Corporate income tax expense represents the sum of the current income tax and deferred tax.

The current income tax is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the separate income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognized on temporary differences between carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases. Deferred tax liabilities are generally recognized for all taxable temporary differences, unless they occurred from the initial recognition of an asset or liability of a transaction which has no impact on accounting profit or taxable profit/(loss) at the transaction date. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

The determination of the current corporate income tax expense is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

Employee benefits

Post-employment benefits

Retired bank employees will receive retirement benefits from Social Insurance, an agency under the Government. The Bank must pay social insurance premiums for each employee equal to 30% of the basic monthly salary, salary allowances and other supplements.

Severance allowance

According to Article 46 of Labour Code No 45/2019/QH14 which is effective on 1 January 2021, the Bank and its subsidiaries in Vietnam are responsible for paying a severance allowance equal to half of the month's salary for each working year for employees who have worked regularly for full 12 months or more to terminate the labor contract in accordance with the provisions of law (in Clauses 1, 2, 3, 4, 6, 7, 9 and 10 Article 34 of the Labor Code), except for cases where they are eligible for pension in accordance with the law on social insurance and the case specified at Point e, Clause 1, Article 36 of the Labor Code 2019. The working time for calculating severance allowance is the total time the employee has actually

worked for the employer minus the time the employee has participated in unemployment insurance in accordance with the law on unemployment insurance and the working time has been paid severance allowance by the employer, job-loss benefits. The salary for calculating severance allowance is the average salary of 06 preceding months according to the labor contract before the employee quits.

Unemployment insurance

According to the Circular No. 28/2015/TT-BLDTBXH dated 31 July 2015 of the Ministry of Labor - War Invalids and Social Affairs guiding the implementation of Article 52 of the Employment Law 2013 and Decree No. 28/2015/NĐ-CP of the Government dated 12 March 2015 regulating the implementation of the Law on unemployment insurance, from 01 January 2009, the Bank is obliged to pay unemployment insurance to eligible employees at 1% of their salary fund allocated for unemployment insurance.

Related parties

The parties are related if one party has the ability to control the other party or exercise significant influence over the other party in making decisions on financial and operating policies. A party is considered as a related party with the Bank if:

- (a) Directly or indirectly through one or more intermediaries, the party:
 - Controls, or is controlled by, or is under common control by the Bank (including the holding company and its subsidiaries);
 - Contributes capital to the Bank and therefore has significant influence over the Bank;
 - Has joint control over the Bank;
- (b) The party is a joint venture or an associate of which the Bank is a venturer or an investor;
- (c) The party has a key management personnel who is also a member of the Board of Directors, Board of Supervisors, and Board of Management of the Bank;
- (d) The party is a close member of the family of any individual referred to in (a) or (c); or
- (e) The party is an entity that is, directly or indirectly controlled, jointly controlled, or significantly influenced by, or of which, significant voting power in such entity resides with, any individual referred to in (c) or (d).

Offsetting

Financial assets and liabilities are offset and the net amounts are reported in the separate statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

5. CASH

	Closing balance	Opening balance
	VND Million	VND Million
Cash in VND	1,263,133	1,115,239
Cash in foreign currencies	242,746	209,489
	1,505,879	1,324,728

6. BALANCES WITH THE STATE BANK OF VIETNAM ("SBV")

	Closing balance	Opening balance
	VND Million	VND Million
Current account at the SBV		
- In VND	25,850,244	48,007,054
- In foreign currencies	438,664	5,360,923
	26,288,908	53,367,977

Balances with the SBV are for the purpose of payment and compulsory reserves as required by the SBV.

7. PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	Closing balance	Opening balance
	VND Million	VND Million
Placements with other credit institutions		
Demand deposits	19,896,548	14,243,926
- In VND	12,022,685	9,967,424
- In foreign currencies	7,873,863	4,276,502
Term deposits	79,320,069	48,565,937
- In VND	73,459,669	42,810,000
- In foreign currencies	5,860,400	5,755,937
	99,216,617	62,809,863
Loans to other credit institutions		
- In VND	24,713,260	8,841,433
- Provisions for credit losses	-	(118,410)
	24,713,260	8,723,023
Placements with and loans to other credit institutions	123,929,877	71,532,886

Analysis of placements with other credit institutions (except for current accounts at other domestic credit institutions and foreign bank's branches, and placements with Vietnam Bank for Social Policies following the regulations of the SBV on maintaining the balance of deposits at Vietnam Bank for Social Policies of state credit institutions under Circular 31) and loans to other credit institutions by quality is as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Standard	104,033,329	60,015,295
Loss	-	118,410
	<u>104,033,329</u>	<u>60,133,705</u>

8. PROVISION FOR CREDIT LOSSES ON PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	<u>General provision</u>	<u>Specific provision</u>	<u>Total</u>
	VND Million	VND Million	VND Million
Balance as at 01/01/2023	-	99,794	99,794
Provision charged in 2023	-	18,616	18,616
Balance as at 31/12/2023	-	118,410	118,410
Provision reversed in 2024	-	(118,410)	(118,410)
Balance as at 31/12/2024	<u>-</u>	<u>-</u>	<u>-</u>

9. TRADING SECURITIES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Debt securities	4,945,728	7,849,272
- Securities issued by local business entities	4,945,728	7,849,272
	<u>4,945,728</u>	<u>7,849,272</u>
Provision for impairment of trading securities	(37,093)	(58,870)
General provision	(37,093)	(58,870)
	<u>4,908,635</u>	<u>7,790,402</u>

Listing status of trading securities is as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Debt securities		
Securities issued by local business entities		
- Unlisted	4,945,728	7,849,272
	<u>4,945,728</u>	<u>7,849,272</u>

Analysis of trading securities by quality classified as credit risk assets

	Closing balance	Opening balance
	VND Million	VND Million
Standard	4,945,728	7,849,272
	<u>4,945,728</u>	<u>7,849,272</u>

10. DERIVATIVES AND OTHER FINANCIAL LIABILITIES/(ASSETS)

Details of derivatives are as follows:

	Total contract value (at exchange rate of effective date of contract)	Net book value (at exchange rate as at the reporting date)		
		Assets	Liabilities	Net amount
	VND Million	VND Million	VND Million	VND Million
As at 31 December 2024				
Currency derivative financial instruments				
Currency forward contracts	591,388	591,388	(612,972)	(21,584)
Currency swap contacts	12,292,401	5,752,627	(5,778,970)	(26,343)
Interest rate derivative financial instruments				
Interest rate swap contacts	2,534,000	1,260,000	(1,274,000)	(14,000)
	<u>15,417,789</u>	<u>7,604,015</u>	<u>(7,665,942)</u>	<u>(61,927)</u>
As at 31 December 2023				
Currency derivative financial instruments				
Currency forward contracts	706,520	706,525	(715,608)	(9,083)
Currency swap contacts	13,233,556	1,133,159	(1,221,228)	(88,069)
	<u>13,940,076</u>	<u>1,839,684</u>	<u>(1,936,836)</u>	<u>(97,152)</u>

11. LOANS TO CUSTOMERS

	Closing balance	Opening balance
	VND Million	VND Million
Loans to local business entities and individuals	506,089,896	424,633,990
Payments made on behalf of customers	22,760	67,183
	<u>506,112,656</u>	<u>424,701,173</u>

Analysis of loan portfolio by quality

	Closing balance	Opening balance
	VND Million	VND Million
Standard loans	488,026,958	403,623,083
Special-mentioned loans	4,476,095	8,444,832
Sub-standard loans	1,092,049	577,495
Doubtful loans	1,937,875	2,351,313
Loss loans	10,579,679	9,704,450
	<u>506,112,656</u>	<u>424,701,173</u>

Analysis of loans portfolio by original term

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Short-term loans (Up to 1 year)	198,178,683	177,972,047
Medium-term loans (From 1 to 5 years)	124,495,644	97,483,836
Long-term loans (Above 5 years)	183,438,329	149,245,290
	<u>506,112,656</u>	<u>424,701,173</u>

Analysis of loans portfolio by type of customers and businesses

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
State-owned enterprises	1,334,812	1,961,411
Joint stock company with more than 50% of the State's share holding (The state as a majority shareholder)	4,268,833	9,769,747
Other limited companies	163,975,508	122,560,195
Other joint stock companies	260,823,836	213,370,697
Partnership companies	1,846	27,646
Private companies	91,050	4,361,404
Foreign invested enterprises	28,933	14,620
Cooperatives, cooperative unions	30,663	12,152
Household businesses, individuals	75,557,175	72,623,301
	<u>506,112,656</u>	<u>424,701,173</u>

Analysis of loans portfolio by sector

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Agriculture, forestry and aquaculture	8,865,553	22,629,207
Mining and quarrying	1,139,169	1,351,381
Manufacturing and processing	33,405,117	42,224,179
Electricity, fuel gas and hot water	20,414,796	21,424,673
Water supplying, garbage and sewage treatment and management	631,534	402,832
Construction	57,979,726	68,060,322
Wholesale and retail trade, repair of motor vehicles, motor cycles	145,458,394	123,332,113
Transport, warehouse	20,304,995	13,133,457
Hospitality services	12,118,644	2,836,555
Information and communications	148,159	106,645
Financial, banking and insurance	743,778	204,929
Real estate	126,734,236	65,630,142
Profession, science and technology	177,614	249,798
Administrative activities and supporting service	9,286,907	6,524,103
State management, security and national defense party, union, social guaranteed	13,283	11,740
Education and training	55,654	81,883
Health care and social work	163,420	58,856
Recreational, culture, sporting activities	484,660	144,495
Other service activities	58,449,871	48,725,470
Households	9,537,146	7,568,393
	<u>506,112,656</u>	<u>424,701,173</u>

12. PROVISIONS FOR CREDIT LOSSES ON LOANS TO CUSTOMERS

Movements in provisions for credit losses on loans to customers for the year ended 31 December 2024 are as follows:

	<u>General provision</u>	<u>Specific provision</u>	<u>Total</u>
	VND Million	VND Million	VND Million
Opening balance	3,093,834	5,691,830	8,785,664
Provision charged for the year	617,060	5,410,601	6,027,661
Provision used to write off bad debts for the year	-	(6,653,060)	(6,653,060)
Closing balance	<u>3,710,894</u>	<u>4,449,371</u>	<u>8,160,265</u>

Movements in provisions for credit losses on loans to customers for the year ended 31 December 2023 are as follows:

	General provision	Specific provision	Total
	VND Million	VND Million	VND Million
Opening balance	2,671,071	3,678,942	6,350,013
Provision charged for the year	422,763	5,756,469	6,179,232
Provision used to write off bad debts for the year	-	(3,743,581)	(3,743,581)
Closing balance	3,093,834	5,691,830	8,785,664

13. INVESTMENT SECURITIES

13.1 Available-for-sale investment securities

	Closing balance	Opening balance
	VND Million	VND Million
Debt securities	14,928,258	14,344,306
Government bonds	5,461,583	5,465,909
Debt securities issued by other domestic credit institutions	905,159	-
Debt securities issued by domestic business entities	8,561,516	8,878,397
Equity securities	28,657	29,453
Equity securities issued by other domestic credit institutions	-	796
Equity securities issued by domestic business entities	28,657	28,657
Provisions for impairment of available-for-sale investment securities	(65,327)	(66,071)
Provisions for impairment	(384)	(297)
General provision	(64,010)	(65,774)
Specific provision	(933)	-
	14,891,588	14,307,688

13.2 Held-to-maturity investment securities

	Closing balance	Opening balance
	VND Million	VND Million
Debt securities	17,812,962	17,833,636
Government bonds	16,430,881	16,807,100
Debt securities issued by other domestic credit institutions	855,545	500,000
Debt securities issued by domestic business entities	526,536	526,536
Provisions for credit losses on held-to-maturity investment securities	(368,575)	(77,664)
General provision	-	(3,949)
Specific provision	(368,575)	(73,715)
	17,444,387	17,755,972

13.3 Quality analysis of securities classified as credit risk assets

	Closing balance	Opening balance
	VND Million	VND Million
Standard loans	10,033,868	9,378,397
Special-mentioned loans	288,352	-
Sub-standard loans	-	526,536
Loss loans	526,536	-
	10,848,756	9,904,933

13.4 Provision for credit losses on investment securities

Movements in provision for credit losses on investment securities for the year ended 31 December 2024 are as follows:

	Available-for-sale investment securities			Held-to-maturity investment securities		
	General provision	Specific provision	Provision for impairment	General provision	Specific provision	Total
	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million
Opening balance	65,774	-	297	3,949	73,715	143,735
Provision (reversed)/ charged for the year	(1,764)	933	87	(3,949)	294,860	290,167
Closing balance	64,010	933	384	-	368,575	433,902

Movements in provision for credit losses on investment securities for the year ended 31 December 2023 are as follows:

	Available-for-sale investment securities		Held-to-maturity investment securities		
	General provision	Specific provision	General provision	Specific provision	Total
	VND Million	VND Million	VND Million	VND Million	VND Million
Opening balance	93,094	559	3,949	-	97,602
Provision (reversed)/ charged for the year	(27,320)	(262)	-	73,715	46,133
Closing balance	65,774	297	3,949	73,715	143,735

14. LONG-TERM INVESTMENTS

	Closing balance	Opening balance
	VND Million	VND Million
Investments in subsidiaries (Note 14.1)	3,043,940	3,043,940
Investments in associates (Note 14.2)	500,000	500,000
Other long-term investments (Note 14.3)	158,272	158,272
Provisions for impairment of long-term investments (Note 14.4)	(86,995)	(86,996)
	3,615,217	3,615,216

14.1 Investments in subsidiaries

	Closing balance		Opening balance	
	VND Million	%	VND Million	%
SHB AMC	20,000	100	20,000	100
SHB Lao	1,279,488	100	1,279,488	100
SHB Campuchia	1,744,452	100	1,744,452	100
	<u>3,043,940</u>		<u>3,043,940</u>	

14.2 Investments in associate

	Closing balance		Opening balance	
	Cost	Proportion of ownership interest	Cost	Proportion of ownership interest
	VND Million	%	VND Million	%
SHB FC	500,000	50	500,000	50
	<u>500,000</u>		<u>500,000</u>	

14.3 Other long-term investments

	Closing balance	Opening balance
	VND Million	VND Million
Investments in economic entities	114,258	114,258
Investments in financial institutions	44,014	44,014
	<u>158,272</u>	<u>158,272</u>

14.4 Provisions for impairment of long-term investments

	Closing balance	Opening balance
	VND Million	VND Million
Opening balance	86,996	111,573
(Reversed) provision for the year	(1)	(24,577)
Closing balance	<u>86,995</u>	<u>86,996</u>

15. FIXED ASSETS

15.1 Tangible fixed assets

Movements in tangible fixed assets for the year ended 31 December 2024:

	Building, structures VND Million	Machinery, equipment VND Million	Motor vehicles VND Million	Management tools, equipment VND Million	Others VND Million	Total VND Million
Cost						
Opening balance	640.017	231.630	198.037	407.150	1.662	1.478.496
Acquisitions during the year	41.922	37.095	30.445	62.803	175	172.440
Disposals	(4.377)	(64.307)	(19.672)	(33.144)	-	(121.500)
Other increases/(decreases)	614	416	834	(377)	(1.550)	(63)
Closing balance	678.176	204.834	209.644	436.432	287	1.529.373
Accumulated depreciation						
Opening balance	184.511	199.691	136.099	228.752	185	749.238
Depreciation charged for the year	20.982	4.292	12.917	40.133	17	78.341
Disposals	(3.963)	(64.263)	(19.305)	(32.924)	-	(120.455)
Other increases/(decreases)	185	28	36	(83)	(177)	(11)
Closing balance	201.715	139.748	129.747	235.878	25	707.113
Net book value						
Opening balance	455.506	31.939	61.938	178.398	1.477	729.258
Closing balance	476.461	65.086	79.897	200.554	262	822.260

Other information about tangible fixed assets:

	Closing balance	Opening balance
	VND Million	VND Million
Cost of tangible fixed assets fully depreciated but still in use	277,082	377,344

15.2 Intangible assets

Movements in intangible assets for the year ended 31 December 2024:

	Land use rights	Computer Software	Others	Total
	VND Million	VND Million	VND Million	VND Million
Cost				
Opening balance	4,360,370	440,133	20,062	4,820,565
Acquisitions during the year	-	38,083	-	38,083
Closing balance	4,360,370	478,216	20,062	4,858,648
Accumulated amortisation				
Opening balance	6,753	303,565	15,809	326,127
Amortisation charged for the year	159	30,218	1,002	31,379
Closing balance	6,912	333,783	16,811	357,506
Net book value				
Opening balance	4,353,617	136,568	4,253	4,494,438
Closing balance	4,353,458	144,433	3,251	4,501,142

Other information about intangible assets:

	Closing balance	Opening balance
	VND Million	VND Million
Cost of intangible fixed assets fully depreciated but still in use	234,306	219,994

16. OTHER ASSETS

	Closing balance	Opening balance
	VND Million	VND Million
Purchase of fixed assets and construction in progress (16.2)	944,094	961,372
Other receivables	31,735,927	17,147,642
<i>In which:</i>		
- Receivables from usance payable at sight letters of credit	6,534,129	10,104,025
- Receivables from sales of bonds	-	2,476,541
- Receivables from sales of debts	3,410,381	3,834,755
- Receivables related to non-recourse discounting L/C issued by the Bank	20,591,524	-
- Other receivables	1,199,893	732,321
Interest and fee receivables	11,256,456	13,552,896
Other assets (16.3)	1,393,797	3,240,147
Provision for impairment of other assets on balance sheet (16.4)	(117,355)	(81,523)
	45,212,919	34,820,534

16.1 Quality of other asset classified as credit risk assets

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Standard (i)	9,936,260	6,308,296
Loss	8,250	3,000
	<u>9,944,510</u>	<u>6,311,296</u>

(i) Closing balance includes VND 6,534,129 million receivables under transactions of Usance Payable at Sight (UPAS) L/C following Circular 31 and Decree 86.

16.2 Purchase of fixed assets and construction in progress

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Purchase of fixed assets and construction in progress	944,094	961,372
<i>In which: Large construction works</i>		
- <i>Constructions in the Northern area</i>	169,927	140,929
- <i>Constructions in the Southern area</i>	200,070	200,070
	<u>944,094</u>	<u>961,372</u>

16.3 Other assets

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Foreclosed assets awaiting resolution	702,290	1,052,516
Awaiting-allocation expenses	592,868	766,653
Other assets	98,639	1,420,978
	<u>1,393,797</u>	<u>3,240,147</u>

16.4 Provisions for impairment of other assets

Risk provisions for other assets include:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Provision for credit losses	85,994	50,312
- <i>General provision</i>	77,744	47,312
- <i>Specific provision</i>	8,250	3,000
Provision for bad debts	31,361	31,211
	<u>117,355</u>	<u>81,523</u>

Movements in provisions for impairment of other assets

	<u>General provision</u>	<u>Specific provision</u>	<u>Provision for bad debt</u>	<u>Total</u>
	VND Million	VND Million	VND Million	VND Million
Opening balance	47,312	3,000	31,211	81,523
Provision made for the year	30,432	5,250	150	35,832
Closing balance	<u>77,744</u>	<u>8,250</u>	<u>31,361</u>	<u>117,355</u>

17. BORROWINGS FROM THE GOVERNMENT AND THE SBV

	Closing balance	Opening balance
	VND Million	VND Million
Borrowings from the SBV	1,242,864	1,333,658
Loans under credit contracts	1,242,864	1,333,658
	1,242,864	1,333,658

18. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

Deposits from other credit institutions

	Closing balance	Opening balance
	VND Million	VND Million
Demand deposits	26,500,532	12,840,387
- In VND	25,514,053	12,264,515
- In foreign currencies	986,479	575,872
Term deposits	95,507,785	51,003,056
- In VND	86,946,505	41,375,198
- In foreign currencies	8,561,280	9,627,858
	122,008,317	63,843,443

Borrowings from other credit institutions

	Closing balance	Opening balance
	VND Million	VND Million
- In VND	1,237,742	852,369
- In foreign currencies	9,127,177	4,627,835
	10,364,919	5,480,204

19. DEPOSITS FROM CUSTOMERS

	Closing balance	Opening balance
	VND Million	VND Million
Demand deposits	36,072,139	42,092,401
- Demand deposits in VND	34,676,902	40,888,026
- Demand deposits in foreign currencies	1,395,237	1,204,375
Term deposits	458,168,049	400,659,547
- Term deposits in VND	451,914,749	394,770,017
- Term deposits in foreign currencies	6,253,300	5,889,530
Deposits for specific purpose	1,312	1,671
- Deposits for specific purpose in VND	1,005	1,397
- Deposits for specific purpose in foreign currencies	307	274
Margin deposits	1,863,937	1,874,224
- Margin deposits in VND	1,857,784	1,861,696
- Margin deposits in foreign currencies	6,153	12,528
	496,105,437	444,627,843

Customers deposit portfolio by type of customers and type of business

	Closing balance	Opening balance
	VND Million	VND Million
Economic entities	111,080,280	102,062,868
Individuals	349,059,588	312,672,820
Others	35,965,569	29,892,155
	496,105,437	444,627,843

20. GRANTS, TRUSTED FUND AND BORROWINGS WHERE THE BANK BEARS RISKS

	Closing balance	Opening balance
	VND Million	VND Million
Grants, trusted fund and borrowings in VND	613,745	705,880
Grants, trusted fund and borrowings in foreign currencies	815,905	905,355
	1,429,650	1,611,235

21. VALUABLE PAPERS ISSUED

	Closing balance	Opening balance
	VND Million	VND Million
Valuable papers in VND		
Par value	39,248,195	42,821,727
	39,248,195	42,821,727

Details of the term of issued valuable papers:

Type of valuable papers	Bonds	Certificate of deposit	Total
	VND Million	VND Million	VND Million
Closing balance			
Term under 12 months	-	12,500,000	12,500,000
- VND	-	12,500,000	12,500,000
Term from 12 months to under 5 years	4,000,000	12	4,000,012
- VND	4,000,000	12	4,000,012
Term over 5 years	2,448,100	20,300,083	22,748,183
- VND	2,448,100	20,300,083	22,748,183
	6,448,100	32,800,095	39,248,195
Opening balance			
Term under 12 months	-	19,310,000	19,310,000
- VND	-	19,310,000	19,310,000
Term from 12 months to under 5 years	-	126	126
- VND	-	126	126
Term over 5 years	2,448,100	21,063,501	23,511,601
- VND	2,448,100	21,063,501	23,511,601
	2,448,100	40,373,627	42,821,727

22. OTHER LIABILITIES

	Closing balance	Opening balance
	VND Million	VND Million
Interest and fee payables	10,466,534	13,953,991
Other payables and liabilities	2,644,008	2,012,442
Internal payables	241,660	19,376
External payables	2,206,303	1,848,392
In which:		
- Taxes and others payable to State Budget (Note 23)	1,598,031	1,173,018
- Payables on payment intermediaries and other liabilities	519,802	219,209
- Other payables	88,470	456,165
Bonus and welfare funds	196,045	144,674
	13,110,542	15,966,433

23. THE BANK'S OBLIGATIONS TO THE STATE BUDGET

	Opening balance	Movement in the year		Closing balance
		Payable	Paid	
	VND Million	VND Million	VND Million	VND Million
Value added tax	12,778	122,845	85,374	50,249
Corporate income tax	1,136,111	2,207,215	1,836,932	1,506,394
Other taxes	24,129	520,091	502,832	41,388
	1,173,018	2,850,151	2,425,138	1,598,031

24. CAPITAL AND RESERVES

24.1 Statement of changes in equity

	Contributed capital	Share premium	Treasury shares	Investment and develop- ment fund	Financial reserve	Capital supplement- ary reserve	Other reserve	Retained earnings	Total
	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million
Opening balance	36,193,981	1,449,603	(5,260)	23,551	3,384,369	1,671,385	1,022	7,154,262	49,872,913
Share issuance (i)	435,104	-	-	-	-	-	-	-	435,104
Dividends declaration (Note 24.4)	-	-	-	-	-	-	-	(1,831,206)	(1,831,206)
Profit after tax for the year	-	-	-	-	-	-	-	9,132,038	9,132,038
Appropriation to reserves during the year (ii)	-	-	-	-	-	-	219,602	(292,803)	(73,201)
Temporary appropriation to reserves during the year	-	-	-	-	913,204	913,204	-	(1,826,408)	-
Other adjustments	-	-	-	-	(125)	-	-	(34,171)	(34,296)
Closing balance	36,629,085	1,449,603	(5,260)	23,551	4,297,448	2,584,589	220,624	12,301,712	57,501,352

- (i) The Bank has issued shares under the employee stock ownership plan in accordance with Resolution No. 01/NQ-DHĐCĐ of the 31st Annual General Meeting of Shareholders on 11 April 2023, and the Board of Directors' Resolutions No. 12.1/NQ-HĐQT dated 12 May 2023, No. 24/NQ-HĐQT dated 04 October 2023, No. 04/NQ-HĐQT 30 January 2024, and No. 05/NQ-HĐQT dated 21 February 2024. Accordingly, the number of issued shares was 43,510,429, with total proceeds of VND 435,104.29 million. On 9 July 2024, the Bank completed the additional listing of these shares.

According to Resolution No. 01/NQ-DHĐCĐ of the Annual General Meeting of Shareholders in 2024, dated 25 April 2024, approved the increase in charter capital through the issuance of shares to pay dividends for 2023 to existing shareholders. On 30 December 2024, the State Bank of Vietnam approved the Bank's charter capital increase by a maximum of VND 4,028,653,590,000 from retained earnings, following the capital increase plan approved by the Bank's 2024 Annual General Meeting of Shareholders and the Board of Directors. As of the date of this financial statement, the Bank is in the process of completing the necessary procedures to issue shares in accordance with legal regulations. According to Resolution No. 02/2025/NQ-HĐQT of the Board of Directors, dated 13 February 2025, the final registration date for the implementation of the 2023 dividend payment in the form of shares with a distribution ratio of 11% per share has been approved. According to Report No. 989/2025/CV-SHB dated 10 March 2025 regarding the results of the stock issuance for the 2023 dividend payment, the Bank has successfully distributed 402,838,460 shares. According to Official Letter No. 3218/VSDC-ĐKCP.NV dated 25 March 2025 from the Vietnam Securities Depository and Clearing Corporation, the number of shares increased by the Bank is 402,838,460 shares, and the start date for receiving the deposited shares is 27 March 2025.

- (ii) Appropriation to business support fund, bonus and welfare fund during the year in accordance with Resolution No. 01/NQ-ĐHĐCĐ of the 2024 Annual General Meeting of Shareholders dated 25 April 2024, and Proposal No. 01/TTr-HĐQT dated 29 March 2024 of the Board of Directors on the profit distribution plan and the establishment of reserves/ funds for 2023. Other reserves have been fully appropriated in the audited separate financial statements for the fiscal year ended 31 December 2023.

24.2 Details of the Bank's capital

	Closing balance	Opening balance
	VND Million	VND Million
Contributed capital	36,629,085	36,193,981
Share premium	1,449,603	1,449,603
Treasury shares	(5,260)	(5,260)
	38,073,428	37,638,324

24.3 Details of the Bank's shares

	Closing balance	Opening balance
Issued share capital (units)	3,662,908,542	3,619,398,113
Shares sold to the public (units)	3,662,908,542	3,619,398,113
- Ordinary shares (units)	3,662,908,542	3,619,398,113
- Preference shares (units)	-	-
Shares to be bought back (units)	496,186	496,186
- Ordinary shares (units)	496,186	496,186
- Preference shares (units)	-	-
Outstanding shares (units)	3,662,412,356	3,618,901,927
- Ordinary shares (units)	3,662,412,356	3,618,901,927
- Preference shares (units)	-	-
Par value (VND)	10,000	10,000

24.4 Dividends

According to Resolution No. 01/NQ-ĐHĐCĐ of the 2024 Annual General Meeting of Shareholders dated 25 April 2024, and Resolution No. 19/2024/NQ-HĐQT of the Board of Directors dated 01 July 2024, the Bank will distribute the 2023 dividends to shareholders in cash at a rate of 5%. The final registration date to determine the list of shareholders entitled to receive dividends was 19 July 2024. On 06 August 2024, the Bank made the payment of the 2023 cash dividends to shareholders.

25. INTEREST AND SIMILAR INCOME

	Current year	Prior year
	VND Million	VND Million
Interest from deposits	1,972,492	1,779,298
Interest from loans to customers	44,601,053	50,269,842
Interest from debt securities	2,576,106	3,586,312
- Interest income from investment securities	2,576,106	3,586,312
Income from guarantee operations	201,526	190,765
Other income from credit activities	106,354	95,530
	49,457,531	55,921,747

26. INTEREST AND SIMILAR EXPENSES

	Current year	Prior year
	VND Million	VND Million
Interest expense on deposits	25,556,119	33,165,437
Interest expense on borrowings	906,751	1,106,120
Interest expense on valuable papers issued	2,421,893	3,084,832
Expenses on other credit activities	34,698	469,232
	28,919,461	37,825,621

27. NET PROFIT FROM SERVICES

	Current year	Prior year
	VND Million	VND Million
Income from services	1,523,791	747,446
- Income from remittance services	1,128,900	291,520
- Income from trust and agency services	89,940	68,824
- Income from property preservation, cabinet rental services	166,852	267,547
- Others	138,099	119,555
Expense on services	(252,508)	(298,343)
- Expense for remittance services	(75,917)	(80,558)
- Post and telecommunications	(68,599)	(75,684)
- Expense for treasury services	(56,358)	(45,464)
- Others	(51,634)	(96,637)
	1,271,283	449,103

28. NET GAINS FROM TRADING FOREIGN CURRENCY

	Current year	Prior year
	VND Million	VND Million
Income from trading foreign currencies	1,566,508	2,875,150
- Income from spot trading foreign currencies	1,350,946	2,278,250
- Income from trading currency derivative financial instruments	215,562	596,900
Expenses for trading foreign currencies	(1,480,659)	(2,593,900)
- Expenses for spot trading foreign currencies	(1,234,048)	(2,116,425)
- Expenses for trading currency derivative financial instruments	(246,611)	(477,475)
	85,849	281,250

29. NET (LOSS)/GAIN FROM TRADING SECURITIES AND INVESTMENT SECURITIES

29.1 Net gain from trading securities

	Current year	Prior year
	VND Million	VND Million
Income from trading securities	9,739	69,198
Expense for trading securities	(27,669)	-
Provision reversed/ (made) impairment of trading securities	21,777	(58,870)
	3,847	10,328

29.2 Net (loss)/gain from investment securities

	Current year	Prior year
	VND Million	VND Million
Income from trading investment securities	121,101	183,664
Expense for trading investment securities	(48,995)	(109,550)
Provision (made) for impairment of investment securities	(290,167)	(46,133)
	(218,061)	27,981

30. NET PROFIT FROM OTHER ACTIVITIES

	Current year	Prior year
	VND Million	VND Million
Other income	1,338,324	470,450
Income from recovery of bad debts	475,451	190,201
Other income	862,873	280,249
Other expenses	(184,101)	(59,611)
Expense for trading other derivatives	(2,505)	(6,848)
Expense from social activities	(135,891)	(16,771)
Other expenses	(45,705)	(35,992)
	1,154,223	410,839

31. INCOME FROM CAPITAL CONTRIBUTION AND EQUITY INVESTMENTS IN OTHER ENTITIES

	Current year	Prior year
	VND Million	VND Million
Dividends income from capital contributions and equity investment for the year	40,972	114,509
- From investment equity securities	-	4,958
- From long-term investments	40,972	109,551
Income from divestment in long-term investments	-	622,889
	40,972	737,398

32. OPERATING EXPENSES

	Current year	Prior year
	VND Million	VND Million
Taxes, fees and charges	79,370	62,955
Staff cost	3,006,322	2,609,128
Expenses for fixed assets	570,235	512,709
<i>In which:</i>		
- Depreciation and amortisation expenses	109,720	96,580
Expenses for operating management	1,436,762	1,074,039
Insurance premium for customers' deposits	499,009	427,745
Provision expenses made/(reversed) (excluding on and off-balance sheet credit risk provision expenses; securities provision expenses)	149	(7,442)
	5,591,847	4,679,134

33. PROVISION EXPENSES FOR CREDIT LOSSES

	Current year	Prior year
	VND Million	VND Million
Provision (reversed)/made for credit losses of loans to credit institutions (Note 8)	(118,410)	18,616
Provision made for credit losses of loans to customers (Note 12)	6,027,661	6,179,232
Provision made/(reversed) for other assets (Note 16)	35,832	(22,573)
	5,945,083	6,175,275

34. CURRENT CORPORATE INCOME TAX ("CIT") EXPENSE

	Current year	Prior year
	VND Million	VND Million
Profit before tax	11,339,253	9,158,616
Less:		
- Non-taxable dividend income and profits received	(13,772)	(21,558)
Add back:		
- Other non-deductible expenses	38,323	43,503
Taxable profit	11,363,804	9,180,561
Corporate income tax rate	20%	20%
CIT expenses at tax rate	2,272,761	1,836,112
CIT expenses calculated based on tax rate for the current year	2,272,761	1,836,112
Adjustment of the previous year's income tax expense to the current year's income tax expense	(65,546)	2,428
Total CIT expenses for the year	2,207,215	1,838,540
Opening balance current CIT payable	1,136,111	1,702,813
Current CIT paid during the year	(1,836,932)	(2,405,242)
Closing balance current CIT payable	1,506,394	1,136,111

35. CASH AND CASH EQUIVALENTS

	Closing balance	Opening balance
	VND Million	VND Million
Cash	1,505,879	1,324,728
Balances with the SBV	26,288,908	53,367,977
Current deposits at other credit institutions	19,896,548	14,243,926
Deposits at other credit institutions with terms not exceeding 3 months	79,320,069	48,565,937
	127,011,404	117,502,568

36. EMPLOYEE'S INCOME

	Current year	Prior year
I. Total number of employees during the year (persons)	6,227	5,680
II. Employees' income		
1. Total income (VND Million)	2,285,888	2,020,604
2. Average monthly income per employee (VND Million/person)	30.59	29.65

37. ASSETS, VALUABLE PAPERS AS MORTGAGES, PLEDGES AND DISCOUNTS, REDISCOUNTS

37.1 Assets, valuable papers received as mortgages, pledges and discounts, rediscounts

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Real estate	475,951,300	487,558,058
Movable assets	50,961,031	39,939,782
Valuable papers	70,512,988	54,988,300
Other assets	557,998,580	462,768,525
	<u>1,155,423,899</u>	<u>1,045,254,665</u>

37.2 Assets, valuable papers used as mortgages, pledges and discounts, rediscounts

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Investment securities	48,968,109	10,000
	<u>48,968,109</u>	<u>10,000</u>

38. TRUST, ENTRUST AND AGENCY ACTIVITIES FOR CREDIT INSTITUTIONS

38.1 Trust activities

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Undue loan	3,443,762	4,379,989
Interest from credit granting activities under the trust agreement	303	241
	<u>3,444,065</u>	<u>4,380,230</u>

38.2 Trusted and agency activities

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Loan from risk-free trusted fund operations	4,616,410	5,585,952
	<u>4,616,410</u>	<u>5,585,952</u>

39. OTHER OFF-BALANCE SHEET ACTIVITIES FOR WHICH THE BANK SUBJECT TO SIGNIFICANT RISKS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Contingent liabilities		
Credit guarantees	30,089	55,050
Commitments		
Foreign exchange transactions commitments	13,754,686	15,454,640
<i>Buying foreign currency commitments</i>	848,566	805,070
<i>Selling foreign currency commitments</i>	613,719	814,380
<i>Cross currency swap contracts</i>	12,292,401	13,835,190
Letters of credit	26,204,623	4,966,374
Other guarantees	17,655,830	18,218,773

40. UNCOLLECTED INTEREST INCOME AND FEES

	Closing balance	Opening balance
	VND Million	VND Million
Uncollected loan interest	7,800,369	9,377,817
Uncollected interest from securities	636,328	636,328
Uncollected fees	242	242
	8,436,939	10,014,387

41. BAD DEBTS WRITTEN-OFF

	Closing balance	Opening balance
	VND Million	VND Million
Principals of written off bad debts under observation	20,589,343	16,985,463
Interests of written off bad debts under observation	19,345,392	16,447,280
Other written off bad debts	32,438	32,438
	39,967,173	33,465,181

42. OTHER PROPERTIES AND VALUABLE PAPERS

	Closing balance	Opening balance
	VND Million	VND Million
Precious metals, gemstone in custody	29,392	29,879
Other assets in custody	2,202,395	2,298,517
Outsourced assets	(*)	(*)
Other preserved valuable papers	201,633	201,721
	2,433,420	2,530,117

(*) The Bank cannot value outsourced assets.

43. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties which have significant balances and transactions during the year:

<u>Related party</u>	<u>Relationship</u>
SHB Debt management and Asset Development One	Subsidiary
Sole Member Company Limited ("SHB AMC")	
Saigon – Hanoi Bank Laos Limited ("SHB Laos")	Subsidiary
Saigon – Hanoi Bank Cambodia Plc	Subsidiary
("SHB Cambodia")	
SHBank Finance Company Limited ("SHB FC")	Associate
T&T Group Joint Stock Company	Major shareholder
Saigon - Hanoi Insurance Corporation	Similar key management members
Saigon - Hanoi Securities Joint Stock Company	Similar key management members

Details of significant transactions with related parties during the year ended 31 December 2024 are as follows:

	Current year	Prior year
	VND Million	VND Million
SHB AMC		
- Interest expenses on deposits	(1,715)	(2,428)
- Other expenses	(107,376)	(95,639)
SHB Laos		
- Interest income from deposits	41,495	23,542
- Interest expenses on deposits	(29,821)	(77,920)
SHB Campuchia		
- Interest income from deposits	46,733	319,030
SHB FC		
- Interest income from deposits	100,983	199,330
- Interest expenses on deposits	(2,530)	(6,095)

Details of stock purchases under the employee stock option program of internal shareholders in the fiscal year ending 31 December 2024 are as follows:

		Current year	Prior year
		VND Million	VND Million
Do Quang Hien	Chairman of the Board of Directors	2,475	-
Do Quang Vinh	Vice Chairman cum Deputy General Director	2,106	-
Ngo Thu Ha	Member of Board of Directors cum Chief Executive Officer	2,196	-
Thai Quoc Minh	Member of Board of Directors	1,767	-
Pham Viet Dan	Member of Board of Directors	1,407	-
Do Van Sinh	Independent Member of BOD	1,407	-
Pham Hoa Binh	Head of Board of Supervisors	200	-
Le Thanh Cam	Member of Board of Supervisors	800	-
Vu Xuan Thuy Son	Member of Board of Supervisors	800	-
Le Dang Khoa	Deputy General Director	1,763	-
Nguyen Huy Tai	Deputy General Director	1,763	-
Ninh Thi Lan Phuong	Deputy General Director	1,763	-
Hoang Thi Mai Thao	Deputy General Director	1,763	-
Do Duc Hai	Deputy General Director	1,777	-
Luu Danh Duc	Deputy General Director	1,743	-
Ngo Thi Van	Chief Accountant	300	-

Details of significant balances with related parties during the year ended 31 December 2024 are as follows:

	Receivables/(payables)	
	Closing balance	Opening balance
	VND Million	VND Million
SHB AMC		
- Capital contribution	20,000	20,000
- Demand deposits and term deposits received	(47,091)	(39,542)
- Accrued interest payable on deposits	(555)	(1,231)
SHB Laos		
- Capital contribution	1,279,488	1,279,488
- Demand deposits and term deposits received	(387,901)	(252,207)
- Demand deposits and term deposits	827,998	1,642,718
- Accrued interest payable on deposits	1,875	7,468
SHB Cambodia		
- Capital contribution	1,744,452	1,744,452
- Demand deposits and term deposits received	(598,910)	(328,667)
- Demand deposits and term deposits	6,546,626	6,496,590
- Accrued interest payable on deposits	-	31,982
SHB FC		
- Capital contribution	500,000	500,000
- Demand deposits and term deposits received	(50,840)	(175,015)
- Demand deposits and term deposits	1,975,000	1,970,000
- Accrued interest payable on deposits	(1)	(18)
- Accrued interest receivable on deposits	10,023	7,100
T&T Group JSC		
- Receive capital contribution	(2,873,885)	(3,618,885)
- Demand deposits received	(679,940)	(769,387)
- Accrued interest payable on deposits	(777)	(240)
Sai Gon - Ha Noi Insurance Coporation		
- Capital contribution	42,857	42,857
- Demand deposits received	(1,055,828)	(1,121,995)
- Accrued interest payable on deposits	(62,211)	(14,572)
Saigon - Ha Noi Securities Joint Stock Company		
- Demand deposits and term deposits received	(734,215)	(2,982,979)
- Loans	400,000	-
- Accrued interest receivable on Loans	1,037	-

Details of salaries and allowances of the members of the Board of Directors, Board of Supervisors and Board of Management are as follows:

	Current year	Prior year
	VND Million	VND Million
Board of Directors	11,719	14,011
Mr. Do Quang Hien	4,200	4,200
Mr. Thai Quoc Minh	2,640	2,640
Mr. Pham Viet Dan	2,361	1,585
Mr. Do Van Sinh	2,364	2,364
Mr. Haroon Anwar Sheikh (Resigned on 25 April 2024)	154	2,186
Mr. Vo Duc Tien (Resigned on 11 April 2023)	-	1,036
Board of Supervisors	4,620	4,620
Board of Managements and Chief Accountant	28,373	22,307

44. GEOGRAPHICAL STRUCTURE OF ASSETS, LIABILITIES AND OFF-BALANCE-SHEET ITEMS AS AT 31 December 2024

	Total loan balance	Total deposits (liabilities)	Credit commitments	Derivatives (Difference between debit - credit)	Trading and investment securities (Difference between debit - credit)
	VND Million	VND Million	VND Million	VND Million	VND Million
Domestic	530,825,916	618,113,754	43,890,542	(61,927)	37,715,605
	530,825,916	618,113,754	43,890,542	(61,927)	37,715,605

45. RISK MANAGEMENT POLICIES RELATED TO FINANCIAL INSTRUMENTS

The Bank's vision is to become a diversified financial group. Therefore, the use of financial instruments, including funding from customers (in terms of deposit products and valuable papers issued) and investments in high quality financial assets have become key activities to help the Bank gain necessary interest rate gaps. From risk management perspective, the Bank is required to maintain the structure of assets, liabilities, and equity (including balance sheet items and off-balance sheet items) for the purpose of ensuring safety and mitigating risks in banking activities. In addition, the Bank has invested in securities or granted credit facilities to other banks. The risks related to currency and interest rates have been managed through applying position limits to restrict over-concentration and simultaneously participating in activities with balancing impact to minimize risks. By holding various assets being high-quality financial instruments, the structure of the Bank's separate statement of financial position helps shield the Bank from significant risks during its business processes and ensures liquidity. In addition, the Bank has also been involved in many hedging transactions related to financial instruments such as foreign currency swaps for the purpose of managing interest rate risk.

In the process of credit risk management, the Bank has adopted the Credit Handbook which provides in detail the lending policies and procedures as well as implementation guidance on standardization of the Bank's credit activities. Liquidity risk is limited by holding appropriate amounts of cash and cash equivalents as Nostro accounts (current placements at other credit institutions), term deposits at the SBV and other credit institutions and valuable papers. The safety ratio with risk factors taken into account are also used to manage liquidity risk. The Bank has regularly assessed interest rate gaps, compared to the gaps of domestic markets and international markets to make timely adjustments. In addition, the application of internal risk management processes has become more efficient owing to the development of the Centralised Capital Management System and Centralised Payment System in which all capital and payment transactions of the Bank are executed by the Head Office. Such centralisation has also helped the Bank to monitor capital movements more effectively and reduce any possible errors and unnecessarily complicated procedures.

46. CURRENCY RISK

Currency risk arises when the Bank's asset or value of an investment fluctuates due to changes in foreign exchange rates. The Bank was established and operates in Vietnam with reporting currency of VND. The Bank's loans are denominated mainly in VND and USD. The Bank has launched a limit system to manage foreign exchange risks deriving from foreign exchange position held by the Bank. Foreign exchange positions are monitored on a daily basis and hedging strategies are used to ensure that risk management indicators are maintained within the established limits.

The book values of the Bank's foreign currency denominated monetary assets and monetary liabilities as at 31 December 2024 are as follows:

ITEMS	EUR equivalent	USD equivalent	Other currencies equivalent	Total
	VND Million	VND Million	VND Million	VND Million
Assets				
Cash	30,583	212,064	99	242,746
Balances with the State Bank of Vietnam	6,887	431,777	-	438,664
Placements with and loans to other credit institutions (*)	39,645	13,638,212	56,406	13,734,263
Derivatives and other financial assets	-	3,869,731	-	3,869,731
Loans to customers (*)	554,995	1,714,244	-	2,269,239
Other assets	50	6,633,962	-	6,634,012
Total assets	632,160	26,499,990	56,505	27,188,655
Liabilities and owners' equity				
Deposits and borrowings from other credit institutions	-	18,668,766	6,169	18,674,935
Deposits from customers	69,956	7,572,192	12,848	7,654,996
Derivatives and other financial liabilities	-	-	31,839	31,839
Grants, trusted funds and borrowings where the Bank bears risks	554,995	260,910	-	815,905
Other liabilities	1,136	241,411	281	242,828
Capital and reserves	-	-	-	-
Total liabilities and owners' equity	626,087	26,743,279	51,137	27,420,503
On-balance sheet currency position	6,073	(243,289)	5,368	(231,848)
Off-balance sheet currency position	-	251,678	3,124	254,802
On and off-balance sheet	6,073	8,389	8,492	22,954

(*) Excluding provision.

47. INTEREST RISK

The Bank's operation is subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature at different times or in different amounts. Some assets have indefinite maturities or interest rate sensitivities and are not readily matched with specific liabilities.

The Bank adopts an interest risk measurement method for all assets – liabilities items with respect to interest income. SHB also establishes and applies a limit system and decision authority at each level based on results of risk measurement for each category.

The following tables show the Bank's assets and liabilities categorized by the contractual re-pricing or maturity date and the interest rates at the end of the annual accounting year.

Time limit for repricing of interest rates is the remaining period from the date of the annual accounting year to the most recent repricing of interest rates of assets and equity items.

SHB

The table below shows the Bank's exposure to interest rate risk as at 31 December 2024:

	Non - interest bearing	Overdue		Current						Total
		Over 03 months	Within 03 months	Within 01 month	From 01 to 03 months	From 03 to 06 months	From 06 to 12 months	From 01 to 05 years	Over 05 years	
	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million
Assets										
Cash, gold and gemstones	1,505,879	-	-	-	-	-	-	-	-	1,505,879
Balances with the State Bank of Vietnam	26,288,908	-	-	-	-	-	-	-	-	26,288,908
Placements with and loans to other credit institutions (*)	-	-	-	102,863,471	20,947,996	-	39,042	79,368	-	123,929,877
Trading securities (*)	-	-	-	-	314,072	2,427,066	-	2,204,590	-	4,945,728
Loans to customers (*)	-	13,609,603	4,476,095	125,609,504	290,304,654	24,919,251	20,427,992	19,721,717	7,043,840	506,112,656
Investment securities (*)	28,658	526,536	-	1,849,227	255,545	7,304,705	1,505,159	3,642,485	17,657,562	32,769,877
Other long-term investments (*)	3,702,212	-	-	-	-	-	-	-	-	3,702,212
Fixed assets	5,323,402	-	-	-	-	-	-	-	-	5,323,402
Other assets	35,354,577	39,438	3,402,131	795,511	2,149,235	2,938,990	650,392	-	-	45,330,274
Total assets	72,203,636	14,175,577	7,878,226	231,117,713	313,971,502	37,590,012	22,622,585	25,648,160	24,701,402	749,908,813
Liabilities										
Borrowings from the Government and the SBV	-	-	-	-	10,077	-	1,232,787	-	-	1,242,864
Deposits and borrowings from other credit institutions	-	-	-	106,783,591	21,235,888	3,048,242	817,033	467,440	21,042	132,373,236
Deposits from customers	-	-	-	118,823,036	105,182,600	133,715,524	114,204,572	24,162,811	16,894	496,105,437
Derivative financial instruments and other financial liabilities	61,927	-	-	-	-	-	-	-	-	61,927
Grants, trusted funds and borrowings at risk of the credit institution	-	-	-	220,371	31,268	47,794	119,586	576,687	433,944	1,429,650
Valuable papers issued	-	-	-	2,355,138	4,577,426	14,425,646	13,889,972	4,000,013	-	39,248,195
Other liabilities	13,110,542	-	-	-	-	-	-	-	-	13,110,542
Total liabilities	13,172,469	-	-	228,182,136	131,037,259	151,237,206	130,263,950	29,206,951	471,880	683,571,851
Balance sheet net interest gap	59,031,167	14,175,577	7,878,226	2,935,577	182,934,243	(113,647,194)	(107,641,365)	(3,558,791)	24,229,522	66,336,962
Off-balance sheet commitments affecting to sensitivity with assets and liabilities' interest rate	264	-	-	-	-	-	-	-	-	264
Total net interest rate gap	59,031,431	14,175,577	7,878,226	2,935,577	182,934,243	(113,647,194)	(107,641,365)	(3,558,791)	24,229,522	66,337,226
(*) Excluding provision.										

48. LIQUIDITY RISK

Liquidity risk arises during the general funding of the Bank's activities and in the management of currency positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risks of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Bank adopts a risk measurement method that is suitable for its operation scale and the availability of the information system, ensuring meeting the requirements for the risk mitigation. It includes indicators related to cash flows, ability of capital mobilization, and ability of asset liquidity of the Bank. The Bank also establishes and applies a limit system and decision authority at each level based on results of risk measurement for each category.

The following table provides an analysis of the assets and liabilities of the Bank in terms of relevant maturity groupings based on the remaining period from the balance sheet date to repayment date. In practice, the actual maturity of assets or liabilities may differ from contractual terms based on the appendix to the contracts which may exist.

The table below shows the Bank's exposure to liquidity risk as at 31 December 2024:

	Overdue		Current					Total
	Over 03 months	Within 03 months	Within 01 month	From 01 to 03 months	From 03 to 12 months	From 01 to 05 years	Over 05 years	
	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million
Assets								
Cash	-	-	1,505,879	-	-	-	-	1,505,879
Balances with the SBV	-	-	26,288,908	-	-	-	-	26,288,908
Placements with and loans to other credit institutions (*)	-	-	102,863,471	20,947,996	39,042	79,368	-	123,929,877
Trading securities (*)	-	-	-	-	4,945,728	-	-	4,945,728
Loans to customers (*)	13,609,603	4,476,095	29,587,549	52,261,056	126,079,313	182,137,820	97,961,220	506,112,656
Investment securities (*)	526,536	-	1,849,227	255,545	1,505,159	9,690,379	18,943,031	32,769,877
Other long-term investments (*)	-	-	-	-	-	-	3,702,212	3,702,212
Fixed assets	-	-	1,683,454	1	3,176	133,810	3,502,961	5,323,402
Other assets	39,438	3,402,131	35,571,201	2,221,138	3,877,900	217,554	912	45,330,274
Total assets	14,175,577	7,878,226	199,349,689	75,685,736	136,450,318	192,258,931	124,110,336	749,908,813
Liabilities								
Borrowings from the Government and the SBV	-	-	-	10,077	1,232,787	-	-	1,242,864
Deposits and borrowings from other credit institutions	-	-	105,764,391	19,579,688	4,077,600	2,930,515	21,042	132,373,236
Deposits from customers	-	-	96,512,707	85,372,666	179,251,563	134,951,072	17,429	496,105,437
Derivative financial instruments and other financial liabilities	-	-	12,526	19,792	15,609	14,000	-	61,927
Grants, trusted funds and borrowings where the Bank bears risks	-	-	220,372	31,268	167,379	576,687	433,944	1,429,650
Valuable papers issued	-	-	506	-	12,733,869	20,597,528	5,916,292	39,248,195
Other liabilities	-	-	13,110,542	-	-	-	-	13,110,542
Total liabilities	-	-	215,621,044	105,013,491	197,478,807	159,069,802	6,388,707	683,571,851
Net liquidity difference	14,175,577	7,878,226	(16,271,355)	(29,327,755)	(61,028,489)	33,189,129	117,721,629	66,336,962

(*) Excluding provisions.

49. CREDIT RISK

Credit risk is the possibility that the Bank may incur losses because its customers do not perform or fail to perform their contractual obligations. The Bank controls and manages credit risk by setting credit limits based on the risk tolerance level that the Bank specifies for individual customers and each industry and setting up the medium and long-term credit limit suitable for the structure of mobilization.

The Bank has established a credit quality review process to provide early identification of possible changes in financial position, repayment ability of debtors based on qualitative and quantitative factors. Credit limit for each customer is determined by the use of the credit scoring system, in which each customer is classified at a certain risk level. Customer's risk level is updated regularly. The Bank controls and manages credit risk by establishing an authorization limit for each branch based on its credit portfolio quality, management capability and geographical potentiality.

The Bank has developed a number of customer policies in order to select good customers and have suitable and consistent policies applicable to each customer. The Bank has developed a diversified range of products to meet customers' demands and established credit appraisal and approval procedures at branches and the Head Office for consistent implementation in the Bank's entire system to mitigate operational risks. In addition, in order to strengthen secured methods for loans and minimize operational risks, the Bank has also issued detailed guidance on guarantees for loans.

Overdue and unimpaired financial assets

Overdue and unimpaired financial assets of the Bank mainly include loans classified from Group 2 to Group 5 and overdue receivables which have full collaterals, including real estate, valuable papers and other types of collaterals in accordance with Circular 31.

As at 31 December 2024, overdue and unimpaired financial assets are as follows:

	Overdue			
	10-90 days	91-180 days	181-360 days	Over 360 days
	VND Million	VND Million	VND Million	VND Million
Loans to customers	380,302	100,584	124,875	1,317,608

50. OPERATING LEASE COMMITMENTS

At the end of the reporting date, the minimum lease payments under non-cancellable operating leases are as follows:

	Closing balance	Opening balance
	VND Million	VND Million
Due within 1 year	93,096	234,081
Due from 2 years to 5 years	641,423	531,925
Due after 5 years	93,583	58,075
	828,102	824,081

51. EXCHANGE RATES OF SOME FOREIGN CURRENCIES AT THE END OF THE YEAR

	Closing balance	Opening balance
	VND	VND
USD	25,480	24,338
EUR	26,530	26,848
GBP	32,013	30,974
CHF	28,219	28,792
JPY	163.00	172.00
SGD	18,759	18,412
AUD	15,862	16,597
HKD	3,283	3,105
CAD	17,737	18,331
LAK	1.1640	1.1809
THB	744.45	663.49

52. EVENTS AFTER REPORTING DATE

In addition to the share issuance event to pay dividends in 2023 presented in Note 24.1, the Bank has successfully issued 23,506,190 bonds with the code SHBC7Y202401, a face value of VND 100,000 per bond, a term of 7 years, and a floating interest rate based on the bond issuance plan for SHB's public offering in 2024 (according to Official Letter No. 1000/2025/CV-SHB dated 10 March 2025), which was approved by the Board of Directors in Resolution No. 14/2024/NQ-HĐQT dated 06 June 2024 and Resolution No. 21/2024/NQ-HĐQT dated 23 September 2024.

Prepared by



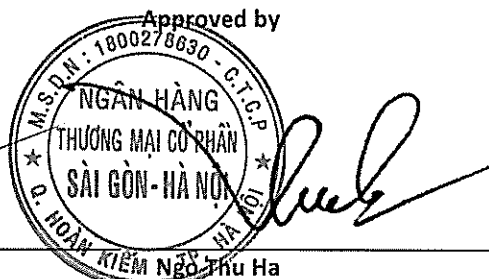
Do Thanh Phuong
Head of General Accounting and
Financial Reporting Department

Reviewed by



Ngo Thi Van
Chief Accountant

Approved by



Ngo Thu Ha
Chief Executive Officer

31 March 2025